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MINUTES OF EVIDENCE

TAKEN BEFORE THE

DEPARTMENTAL COMMITTEE

TO CONSIDER WHETHER THE

POST OFFICE SHOULD PROVIDE FACILITIES FOR

INSURANCE UNDER THE WORKMEN'S COMPENSATION ACTS.

General Post Office, 7th March 1907.

PRESENT:

THE LORD FARRER (*Chairman*).

The Honourable T. H. COCHRANE, M.P.
H. DAVIES, Esq. I.S.O.
The Honourable R. D. DENMAN.
L. J. HEWBY, Esq.
W. G. KIRKWOOD, Esq.
W. G. TURPIN, Esq.
E. RAVEN, Esq., *Secretary.*

Mr. ROBERT REID BANNATYNE, called in and examined.

Mr. R. R. Bannatyne.

7 March 1907.

1. (*Chairman.*) We will take the introductory paragraph of your* memorandum as read, and if there are any points as we go along perhaps the Committee would ask questions. The paragraph simply states your views generally, I think?—Yes. I wish to make it clear that I am not representing the collective views of the Home Office.

2. (*Mr. Denman.*) What evidence does the Home Office get with regard to the working of these Workmen's Compensation and Employers' Liability Acts? The Home Office is not concerned directly in the operation of the Act, is it? It is not called in at any moment to interfere?—No; it has no connection with the ordinary cases. It collects some statistics and hears, of course, incidentally, of cases, but has nothing to do with the administration of the Act except with regard to medical referees. It appoints the medical referees, and the Secretary of State and the Treasury make regulations governing the duties of the referees. Otherwise the Home Office is not concerned at all with the administration of the Act of 1897. That practically holds good also with regard to the Act of 1906.

3. I suppose that the public bombards you with letters as to the demerits of the existing Acts, and the possibilities of future ones?—Yes.

4. So that in that way you get an experience of actual operation?—Yes, but in order to get proper experience of the Act of 1897, it was necessary to appoint a Departmental Committee to take evidence. That was done in 1904.

5. The evidence there given represents practically the whole experience of the Home Office with regard to the working of the Acts?—Yes, except that a large number of deputations waited upon the Home Secretary when there was a prospect of legislation.

6. Has the question of the desirability of facilities for insurance been brought before the Home Office in that way?—No, I do not think so. There may have been one or two isolated letters suggesting it.

7. So that this evidence is largely *à priori?*—Save in so far as it is based on the evidence before the Workmen's Compensation Committee.

8. (*Mr. Cochrane.*) You were Secretary to the Departmental Committee in 1904?—Yes.

9. I think that you had a good deal of experience of the incidence of workmen's compensation gathered from the evidence before that Departmental Committee?—Yes.

10. Later on you will be able to give us your experience on the subject?—Yes.

11. A good deal that you say in this memorandum is on your own responsibility, I think?—Yes.

12. A good deal of your evidence is not the official Home Office view altogether?—No. The Home Office has never taken up a definite attitude on this question.

13. Early in the memorandum you say "In the other "part I point out some difficulties in the way of the "proposal that the Post Office should undertake in "competition with, and on the same level as," and so on. Have you any authority to speak for the Post Office?—No.

14. It is your own opinion as to the effect that any scheme would have?—Yes.

15. Not derived from the Post Office itself?—No.

16. You say here "I point out some difficulties in "the way of the proposal that the Post Office should "undertake in competition with, and on the same level "as, the ordinary companies." Is there any form of business connected with the small employer that could be undertaken by the Post Office, not in competition with the insurance companies, or not on the same level?—Not as matters now stand. When I wrote that, my idea was to avoid giving the impression of taking up a hostile attitude to a system of compulsory insurance or a system of insurance only with the Post Office or a system of insurance which would be principally with the Post Office, but might also allow of insurance with mutual insurance associations and possibly other companies.

17. There may be some class of insurance of small employers that is not profitable to insurance companies to take up?—Yes.

* See Appendix I.

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Mr. R. R. Bannatyne.
7 March 1907.

18. Could the Post Office in your opinion cover any of that ground without coming into competition with the insurance companies?—If it were perfectly clear that there were classes of small employers about whom the ordinary companies would not trouble themselves, the Post Office could no doubt come to an agreement with the ordinary companies to take simply that class of business.

19. Then you say you think that it would be better to draw attention to difficulties in the way of the proposal than to deal with the advantages which will no doubt present themselves, or be presented to the Committee. Who will present the advantages, do you think, to the Committee? Who would be an appropriate person? Have you any suggestion to make with regard to the witnesses that should be called?—It is very difficult to say what witnesses can be called to represent the views of small employers, but the views that the Committee probably want to get at are the views of the small householder, the small workshop owner and small farmer. They are not represented by any particular society. I thought that possibly farmers' associations might supply witnesses who would say that facilities for insuring with the Post Office would be a great advantage.

20. And friendly societies?—Possibly they might be a help.

21. Would the insurance companies themselves readily give information?—If they wanted to get rid of the insurance of small employers they would readily give information, I should think.

22. You say you are of opinion that there could be be no objection to the Post Office acting in some measure as an agent for insurance companies?—Yes, no objection on any grounds connected with the working of the Act of 1897.

23. As far as the Act of 1897 is concerned?—Yes.

24. (*Chairman.*) You say it is difficult to see what objection could be raised—the Post Office acting as agents—on any grounds connected with the working of the Act of 1897. I presume the question of guaranteeing solvency with regard to any outside institution is one that you would consider connected with that Act?—Not very directly, I think. There has been no instance, so far as I aware, of insolvency on the part of any insurance company dealing with business under the Act of 1897.

25. Not of insurance companies dealing with business under the Act of 1897, but there have been instances of insurance companies that have not been solvent?—In accident business?

26. Yes, I believe so. You are not aware of that?—No, I am not aware of that.

27. Did you assist Sir Kenelm Digby in the memorandum to which you refer in your proof on foreign countries?—No, hardly at all.

28. (*Mr. Cochrane.*) I have nothing to ask until we come to the estimate of the numbers, and an estimate of the persons who would be brought in. You estimate that the additional number of people who will come under the benefits of the Workmen's Compensation Act will be about six millions?—Yes.

29. Nearly doubling the number of persons who have hitherto been under the Workmen's Compensation Act?—Yes.

30. Of the six millions a large proportion will be comparatively poor?—Yes, a very large proportion.

31. Small employers?—Yes.

32. And in some cases very small employers?—Yes.

33. In some instances, I suppose, men who only employ one labourer and are themselves earning little more than labourers' wages?—Yes.

34. It would be a great hardship to that small employer if an accident occurred to his single workman and he had to find compensation for a permanent injury?—Yes, if he had not insured.

35. If he had not insured—that is what I mean. Do you think there will be a number of cases in which the small employer will fail to insure?—Yes; I think there are grounds for expecting that.

36. The evidence given before the Home Office Departmental Committee of 1904 on the Workmen's Compensation Acts showed that a good many of the small employers included in the 1897 Act did not insure?—That a certain number did not.

37. In the case of the building trades?—There was evidence that in the Yorkshire Federation of Building Trades Employers a considerable proportion of the small employers did not insure.

38. Your general opinion from the experience you have gained is that a large number of small employers will not insure?—I think that may be inferred from the evidence given before the Committee, if you consider that the employers in the trades covered by the Act of 1897 are much more likely to insure than the employers who will now be covered.

39. If the intentions of the Act are not to be defeated it is desirable that the small employers should be encouraged to insure?—Yes.

40. (*Mr. Denman.*) Has there hitherto been any number of small employers liable under the Act?—Yes. There are, for example, a large number of small factories.

41. You cannot give any kind of figures about that, I suppose?—Figures as to small factories, mines, and quarries are given in a Return handed in by Mr. Troup to the Workmen's Compensation Committee, which is printed as Appendix VIII. to the Report.

42–3. I think that that may be very valuable?—We have the figures as to workshops in paragraph 308 of the Committee's Report; but of course workshops, generally speaking, are much smaller than factories. Might I point out that the evidence of Commander Smith related to factories.

44. In Sheffield?—Yes.

45. He there showed that they did not insure very largely?—Yes.

46. That although these people were congregated in towns they nevertheless neglected the facilities that a town ordinarily offers in the shape of insurance?—Yes.

47. In regard to these new figures we have estimates of the number of employees, but I suppose it is impossible to give any estimate of the number of employers. Have you any rough idea as to the number of employers between whom these new people are distributed?—The actual increase of the number of employees does not necessarily affect the question very much. There are Census figures, but I think it would be very difficult to arrive at any ratio between employees and employers. In some cases I fancy that employees and employers are not distinguished. It might be possible to arrive at some sort of approximate estimate; but in a case of that kind you would want a much nearer estimate to be of much use.

48. Have you any idea of what remote and small employers, who are now brought in for the first time, would be in special need of facilities for insurance?—The small employer in the small village in the High lands, or in some districts in Ireland or Wales, or the north of England, will, of course, want facilities, the small carpenter, and the small joiner, and so on.

49. But, speaking generally, we may take it that any facilities that farmers have hitherto obtained would be open to any small employer now brought under the Act?—Yes. I think that farmers must be regarded as the class least likely of all to have facilities for insurance. When I say farmers, I include, of course, people engaged in forestry and so on.

50. And also they would be the least likely to insure, because the risks in their occupation are less than the risks of almost any other occupation now brought under the Act, except those of classes like shop assistants and domestic servants?—No. Farming is now considered rather a dangerous occupation. There are I believe very few classes now brought under the Act which will have a risk anything approaching the risk of the farmer. I think that the rate for farmers now is something like 6*s.* to 7*s.* 6*d.*

51. So that the stimulus for insurance will be stronger in the case of farmers than in the case of other classes with which we shall have to deal?—Yes.

52. (*Chairman.*) In your second section, you give us the exceptions to the Act of 1906. I suppose that you cannot give us what the estimate of Nos. 1, 2, 3, 4, and 5 is from the Census returns. You have not

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given that any where, have you?—No, it might be possible.

53. It would not be very difficult to get. Army and Navy, and Police, and an estimate I presume of those earning more than 250*l.* a year?—I do not know whether the Inland Revenue could give that estimate or not.

54. I do not want it with any accuracy. You have given us the total figures, 13,000,000 out of, say 35,000,000, for the United Kingdom. It seems to me that we have not got from anybody what the total number of insurable people is. That is what is in my mind. Do you mean the 13,000,000 as an estimate of the insurable people out of the population of the United Kingdom?—No. You have to make some deductions from the 6,000,000 now brought in respect of those who will be or who may be excluded under Nos. 1, 5, and 6, of these exceptions.

55. Then there are less than 13,000,000, by that, insurable?—Yes. I say at the end of the section that these figures are largely based on Census returns, and are subject to important qualifications. For example, no deductions have been made in respect of persons earning more than 250*l.* a year.

56. I presume that the numbers of domestic servants are extremely difficult to arrive at, because the Census returns say so?—Yes.

57. That is to say, people employed in their own families, and so on, are sometimes returned, and sometimes not returned?—Yes.

58. I only wanted to get, if I could, at the amount of insurable people, and then, if I could, from any other source, the amount of insured to-day. That is what is at the back of my mind in asking the questions?—I hardly see how it is possible to make any estimate of that kind.

59. There are no accident figures obtainable from the insurance companies of the actual amount of people insured that you know of?—Not that I know of, but no doubt the insurance companies have them.

60. If one knew the amount of people insurable, and the proportion that is insured, one would get some basis of fact. I want to see what basis there is for saying that there is a very large class who are not insured. You do not think it would be possible to get that with any accuracy?—No, except from the companies.

61. You state that these figures were given by the Home Secretary in his speech, and I presume that they are departmental figures got out for him?—The estimate was.

62. Of course it must be an estimate.—Yes.

63. Out of the number here, the 6,000,000, we could obviously get the Army and Navy with some certainty?—Yes.

64. The Police with some certainty, and I presume people earning more than 250*l.* a year with some approach to certainty from the Income Tax returns?—Yes.

65. Therefore it would only leave the outworkers?—I think that some estimate of the outworkers might be possible.

66. Would you consider whether that could be furnished?—They are to a certain extent included in the Factory Act, and it is possible that our Factory Department could form some estimate as to the total number.

67. (*Mr. Kirkwood.*) With regard to the small employer, who is already liable under the existing Acts of 1897 and 1900, do you consider that there will be more necessity for him to insure under the new Act of 1906? Is there any alteration which the Act of 1906 makes which will probably induce such a small employer to insure, whereas he would not have insured under the Acts of 1897 and 1900?—I think that as the chief liabilities remain practically the same, namely, a maximum of 300*l.* for death, and certainly no greater liability in respect of total permanent incapacity, the grounds for insuring will only be very slightly increased by alterations in the amounts of compensation payable for more trivial injuries. I imagine it is the liability for cases of permanent incapacity and death that makes people insure.

68. The alteration of the period from a fortnight to a week would not have much bearing upon the question, you think?—Not for a small employer. It might for a large employer.

69. (*Mr. Cochrane.*) There is one question which is suggested by Mr. Denman, who asked about the farmers. As to the facilities which they have for insurance, comparing that with facilities that other people in country districts would have, do you think that a farmer who goes into market would find it easier to insure than perhaps the village blacksmith, or joiner, or mason?—He might find it easier.

70. He would be more likely to find an insurance office in the market town, than in a country district some miles away from a railway station or principal town?—Yes, but on the other hand I fancy that an insurance company would more readily send their agent to a village to collect premiums throughout the village than they would send an agent for the sole purpose of going to three or four farms in an isolated district.

71. Is the rate of 7*s.* 6*d.* that you suggested as the probable rate charged to farmers, based on any evidence?—I am speaking from memory, but we had the rates of one or two companies given to us at the time that the Committee sat, and farmers were certainly included.

72. It does not matter; we will get that from the insurance companies?—I think it was from 6*s.* to 7*s.* 6*d.*

73. If no further legislation takes place, is there any reason to fear that bogus companies may spring up, in which the small employer may be induced to insure, owing to the attractions of an impossibly low rate being offered to him?—It is for that reason, I believe, that the Bill introduced by the Government has been put forward.

74. In your opinion legislation will be necessary to meet that point?—It is a danger.

75. There is a distinct danger of the small employer being inveigled into insuring in bogus companies?—Employers generally.

76. Particularly small employers? — Particularly small employers.

77. Therefore you suggest legislation on that subject?—Yes.

78. (*Chairman.*) Section (4)—"Amount of compensation payable by employer and method of payment." That is explanation of the new Act, I take it?—Yes, of the Act of 1906.

79. (*Mr Davies.*) Has the Home Office any evidence as to whether the failures to insure on the part of small employers are due to want of facilities for insuring?—No, I do not think there has ever been any official evidence.

80. Have you any theory on that point—that the provision of more convenient means of insurance would cause insurance to be more generally effected by the small employer?—I think so to a small extent. I should not anticipate that it would to any large extent.

81. (*Mr Turpin.*) It is the risk in the case of death and permanent injury that will cause people to insure, is it not?—I think so.

82. Not temporary incapacity?—No.

83. If that alone existed they would not insure at all, you think?—No, except in one or two special trades.

84. It would be very limited in that case?—Yes.

85. (*Chairman.*) Then we go on to machinery, Section (5). That is also explanation?—Yes.

86. (*Mr. Denman.*) Do you think there is anything in the machinery for carrying out this Act that makes insurance by the Post Office especially difficult?—No, except that there are one or two classes of cases in which I think the Post Office would find it awkward, as a public department, to be concerned in, but there is nothing specially difficult, I think.

87. (*Chairman.*) There is one question which seems to be rather an important one from actual experience I have had. Medical referees I think are governed by Treasury regulations?—Partly Treasury, and partly Secretary of State's regulations.

88. They perform very important functions in all insurance according to my experience. Is that your experience also?—Medical referees have been very little used in their official capacity.

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Mr. R. R. Bannatyne.

7 March 1907.

89. But is it not your experience that in cases of malingering the medical referee is practically absolute?—No. Under the old Act there was only power to call in the medical referee after the commencement of arbitration proceedings.

90. Perhaps I am putting the word "referee" wrongly. I mean the medical officer?—Employed by the insurance company?

91. Yes, employed by the insurance company, or by the employer if he insures. Have you had any experience of medical officers' functions?—No, no special experience.

92. You have no experience of your own as to the importance of their functions with regard to questions of compensation under the Act. Of course we know that the employer's doctor is called in in a vast number of cases?—He has a right, and in a very large number of cases he exercises his right, to have the workmen examined by his own doctor.

93. Do you know what amount of cases have been found under such examination to substantiate the employers' or the employees' point of view? I do not know whether there is any machinery by which that figure is given?—No, there is no machinery. The ordinary case, I imagine, ends in an agreement for some small lump sum and it never comes into court. Practically the only official figures that the Home Office have had are as to the number of references to medical referees from the county courts, and as to the number of cases which have actually come into court.

94. The cases that do not come into court do not come before you?—No.

95. Now we take "Objects of Post Office under-"taking Accident Insurance business," Section 6. Is there anything else that you wish to say on the general question?—No, I think not.

96. (*Mr. Cochrane.*) I should like to ask you a question on that. The general impression I gathered from the debate was that the Postmaster-General rather preferred that the Post Office should act as principal than as agent?—Yes; but the Postmaster-General, if I remember rightly, was very careful to say that he had not gone fully into the question, and that he would not like to commit himself to any such opinion.

97. He saw no difficulty in making arrangements that the Post Office should act as agent—if it were found desirable?—No; he saw difficulties.

98. The exact words from Hansard can be added to the notes afterwards. You were present in the House?—Yes.

(*Witness.*) As regards Mr. Norie-Miller's evidence, it was given in a written reply to a letter we issued to the principal insurance companies, asking for observations on various questions.

99. (*Mr. Cochrane.*) That is in the Appendix to the Report of the Home Office Committee?—Yes.

100. (*Mr. Cochrane.*) I want to bring out the point that you think that on the whole there is a danger of small employers neglecting or refusing to insure, and that that danger has been increased by recent legislation?—Yes, certainly.

101. You think that for the first 5 or 10 years after the new Act comes into force, large numbers of small employers will remain uninsured?—Yes.

102. Can you give any estimate of the proportion of small employers?—No, I am afraid I cannot do that.

103. You could not give any idea?—No.

104. You say: "It almost seems unreasonable to "expect the small employer to insure in such cases." Would you explain exactly why it is unreasonable?—Perhaps that is putting it a little strongly, but if a man never sees an accident to an employee in a particular industry, he thinks the risk is such that he can chance it. You cannot expect a man to insure, or it is very difficult for him to insure, especially if he is a struggling man himself, unless there is some appreciable risk.

105. You do not mean by that it would be unreasonable to expect him to insure, but that your knowledge of human nature makes you think it would be unlikely that he would insure?—Yes.

106. There would be nothing unreasonable in expecting him to insure against a risk that may cost him a great deal of money?—It is expecting a little too much of him.

107. He would rather gamble?—Yes.

108. The spirit is inherent, and he would rather gamble and take the chance?—Yes, and also he perhaps does not very much care whether he has an accident or not. He has nothing particular to lose.

109. And little to fear from going bankrupt?—No.

110. But the workman who has been led to believe that he has a right to receive compensation in case of an accident would be grievously disappointed if he found that there were no assets to come upon if he met with an accident?—Yes, if he had expected compensation. In most cases perhaps the workman knows the employer is not insured, and does not expect to get compensation if he does meet with an accident.

111. In foreign countries, as a rule, or in many European countries, all employers insure?—There are some means for making them insure.

112. (*Mr. Hewby.*) The slighter the risk the lower the premium I suppose, so strictly speaking there is no more reason why a man should not insure where the risk is slight than where the risk is grave?—I do not think it is altogether the cost of the premium which is a factor. It is rather the trouble and reluctance to pay anything. But of course the cost does apply to a certain extent. May I point out that in some cases at any rate insurance companies charge minimum premiums. In the case of farmers, for instance, I think some companies have refused to take less than 10*s.* as a minimum amount, although the figure would be perhaps only 3*s.* for each 100*l.* wages. With a large employer they might charge 3*s.* per 100*l.* wages. A small employer only paying 60*l.* wages in the year would have to pay the 10*s.* In the case of domestic servants they have reduced the premiums to 2*s.* 6*d.*, but I do not know of any premium of 1*s.*, for instance, although the risk in many cases could be estimated at 2*d.* or 3*d.* or something like that.

113. The insurance of small employers would probably be then the less profitable business?—I should think so; I am not clear upon that.

114. (*Mr. Denman.*) Here again, on this particular matter, have you evidence beyond what is given in the report as to the number of small employers uninsured? Have you received deputations and representations from the public in general about it?—No, I think not, the deputations always come from the organised societies. Their interest is always well looked after. The small employers who are not organised do not have any voice.

115. (*Chairman.*) There is one point that you might possibly be able to tell us about. You speak of more dangerous trades in 1897 and 1900, and probably less dangerous in 1906. You take those two classes under the Act?—Yes.

116. Have you any evidence to show what was the rate of premium that the insurance companies charged in 1897 and 1900 respectively, and what they would charge under the present Act?—No.

117. They are making a guess as I understand now, and charging 3*s.* to 5*s.* premium?—Yes. I thought that the Committee would probably get that from first-hand sources.

118. Undoubtedly. Have you any figures under the old Acts to show what they began with?—I think that Mr. Stanley Brown gave evidence of what they started with. He is manager of the Employers Liability Assurance Corporation. It is at page 33, paragraph 81, of the Workmen's Compensation Committee's Report in 1904. The evidence of Mr. Stanley Brown was as to the rates with which the companies first started. He gave a table showing rates per cent. of wages proposed by the Tariff Committee of 1898, and reduced by Tariff Committee in June 1899. Then he gives a further table showing what they went back to at the end of 1902 as the result of 4½ years experience of the Workmen's Compensation Acts. The Committee took a great deal of evidence as to cost, and found generally that the cost was going up in every trade. That was in 1904, and it has increased. I believe, since then.

119. That is the broad position—that insurance costs a little more than it did at first and for a similar policy. Would you go as far as that? Would you say

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as a matter of opinion that a prudent insurance company would charge a higher premium on a similar policy in 1907 than it would in 1906?—I think that probably that might be stated with confidence.

120. (*Mr. Turpin.*) They started with too high a premium and found they had reduced it too much and put it up again?—Yes, and since they put it up the rates have gone up.

120A. (*Mr. Cochrane.*) They are higher now than they were when they were first reduced?—No, I cannot say that. You have to compare the particular rates, they charged too much at the beginning.

121. (*Chairman.*) You were asked whether the workman was led to believe that he had a right to compensation. Is not that putting it a little too high? He has the Act, but the Act is not a compulsory insurance Act in any form. Has the Home Office taken any special steps to make all employers cognisant of their liabilities?—No, not as yet.

122. The workman would have the title of the Act presumably "Workmen's Compensation Act," but it would, perhaps, hardly be strictly accurate to say that he was led to expect compensation. Have you had any deputations of workmen or others assuming that?—All the workmen in trades unions will expect compensation or at any rate those in the large trades unions will expect compensation (they are familiar with the idea), but not all those that are now brought in.

123. (*Mr. Denman.*) As regards the last paragraph of Section 6, is there any clear evidence that employees who are old are refused by insurance companies. The evidence I find in the report is conflicting. Some companies say that they do not reject the aged as such. There is a general agreement that a person who is old and who also suffers an accident cannot be taken back into the industry. The point which you make here is that the Post Office would simply get all the old people whom companies refused?—It might be so. I do not know that we have any first-hand evidence that companies make it a regular practice to refuse the old. We have had a certain number of letters from employers calling attention to the fact that insurance companies have refused. When the Bill was passing through Parliament we had letters from one or two gentlemen saying that they wanted to insure an infirm or maimed workman, but that the companies had refused, and I have actually seen a policy which required a statement from the employer that all the persons he was employing were able-bodied. Of course the companies could state much more definitely what their practice is.

124. (*Chairman.*) You are speaking now only of the insurance of accidents, of course?—Yes.

125. (*Mr. Denman.*) Would not you expect the refusal of the aged to occur rather amongst the large employers than in small industries? For instance, the farmer would be less likely to turn off his old hands than, say, the boiler-maker?—Yes, much less likely.

126. So that if we are considering chiefly the case of the small employer, this problem will probably affect us less than it would if we were considering the whole field?—Yes, probably.

127. (*Mr. Davies.*) Do you think that the undertaking of insurance by the Post Office would establish any additional protection to those employees of small employers who now get no benefit from the Act. The employees are aware that their employers are small people and are not insured. They are aware, in a general way, that insurance is to be had, but they have no very clear opinion as to it. They have not, at any rate, a definite enough opinion to bring pressure to bear on their employers. Would the undertaking of insurance by the Post Office, with the facilities which would thereby come about, be in your opinion a definite benefit to the people employed by small employers?—I think that it would be of some benefit, but I cannot say whether it would be commensurate with the trouble and the difficulties. It would be impossible to say it would not be of some benefit. It certainly would spread a knowledge, and would lead a certain number of employers to insure who do not insure; but as an opinion, I think the great bulk of those who do not insure with ordinary companies would not insure with the Post Office unless the Post Office took very special steps to get them to insure.

128. You do not think that the neglect of facilities provided by the Post Office would bring any greater odium on the small employer than the neglect of facilities for insurance which already exist?—No, I do not think so.

129. (*Mr. Cochrane.*) With regard to the point raised by Mr. Davies, the existence of the Post Office Savings' Bank has undoubtedly encouraged thrift?—Yes.

130. It exists for that purpose. Would not therefore the existence of an easy means of insuring be likely to induce people to insure?—My impression is that they already have to a large extent the easy means.

131. Were there no such banks existing at the time that the Post Office Savings' Bank Act was passed? Trustee Banks were giving facilities to small investors, and yet, when the Post Office Savings Bank Act was passed, it was largely taken advantage of. I want to know whether that is not a parallel case, and whether, notwithstanding the insurance companies, there may not be room for a small class of employer to insure?—It may be so.

132. You say that employers who employ old, infirm and maimed workmen would be attracted to the Post Office. You think at present that those old, infirm and maimed workmen are in the position that they are not readily insurable?—I believe so.

133. There is a difficulty in insuring them. Is it not rather a hardship on them that they should not be insured?—A great hardship.

134. Because if they happened to be in the employment of a small employer and an accident happens to them they are likely to be deprived of their compensation?—Yes; I think the hardship is more likely to lie in their not being employed than on their meeting with accidents and failing to get compensation.

135. Owing to the difficulty of insuring them they are not likely to be employed?—Yes.

136. There is also that difficulty. Therefore if you could insure them at reasonable rates, it would not only lead to their receiving more employment, but in the case of their meeting with accidents they would be more likely to get compensation?—Yes.

137. You see great advantage as regards old and infirm people in providing some easy means by which they might be insured?—Yes.

138. You do not contemplate that because a man is old he should not get the benefit of the Workmen's Compensation Act?—Not if some means can be found to insure him.

139. In fact, Parliament having decided that he is entitled to compensation, should take some steps to see that he obtains the compensation to which he is entitled?—I think that class may fairly expect that some steps should be taken.

140. With regard to a fairly wide system of old age pensions being established, that is rather a *façon de parler*, is it not?—No, I do not think so. I think it might be the case,

141. You contemplate that if the Post Office offered ordinary rates for old, infirm, and maimed workmen, it would shortly find that it was carrying on a fairly wide system of old age pensions. Do you think that the liability to accidents is so great in the case of the old that nearly every one of them would meet with an accident which would entitle them to compensation?—No, but there is much greater risk of an accident to an old man resulting in permanent incapacity.

142. But not such an added risk that you would expect it to apply to all old people, and that a fairly wide system of old age pensions would be established?—Perhaps it is putting it too strongly.

143. That is what I meant. I do not want to pin you down to it?—I mean merely to say that there would be a very large number of cases in which old workmen having met with a trivial accident would be permanently incapacitated, and practically what he would get would be an old age pension.

144. He would thereby secure a pension for the rest of his life, you mean?—Yes.

145. In certain cases where an old or infirm man met with an accident, the injury would be so great that he would require to receive a payment for the rest of his life?—Yes.

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Mr. R. R. Bannatyne.

7 March 1907.

146. But you do not anticipate that it would apply to any very large number of people?—A considerable number.

147. (*Chairman.*) I take it that one of the things you had in your mind when you said that, was the danger of the companies getting all the good business and the State getting the bad. Is that at all what you meant?—Yes.

148. That is to say the State, if it became an insurer, would have to take all business that was offered. Would it be possible in your opinion to obviate that by making the Post Office premium considerably higher? That, of course, is one of the ways?—Yes, but of course there the difficulty comes in that the small employer would be less likely to insure.

149. I quite see that?—Certainly it could be met.

150-1. Section (7), as to the settling of claims, is largely opinion?—I intended merely to state, as far as I knew it, the actual practice followed by employers and insurance companies at present, which the Post Office would probably have to follow.

152. Is not that in effect an opinion?—So far it is, but my purpose was simply to indicate the existing practice. It was merely with that view that I wrote this.

153. (*Mr. Cochrane.*) Supposing that insurance were made compulsory, would it be desirable for the Post Office to take part in the work?—The Post Office might take over the whole or a very large part of the work.

154. In that case the same difficulties would arise?—No, not necessarily. I do not presume that the present Act would be applied to the Post Office. The present Act is based on negotiations between the private employer and the workman. If the private employer was allowed to insure with the Post Office and get rid of his liability entirely in that way, then it would be a case of the Post Office and the workman. In that case, I imagine, various changes would be made in the Act. Possibly the jurisdiction would be taken entirely away from county courts and so on.

155. You think that there would be a different scheme?—Yes, I think there would be a different scheme.

156. Do you think that the Post Office under existing circumstances would have to be content with laxer conditions, and would you say why, if so?—There always has been a good deal of complaint amongst employers that certain companies restrict their policies, and notices are not given within the proper time and the policies become null and void. The Post Office would naturally be much more liable to public opinion than ordinary companies.

157. Do the Post Office relax their conditions in the case of the life insurance business? The general opinion is that they would be more strict?—Why I should expect them to be laxer is on the assumption that they are trying to get small insurers to insure who are just the people who will not send the usual notices. You have to deal with them more loosely. With a large employer you can impose more stringent conditions.

158. The Post Office have medical officers at their service?—Yes.

159. They can be available for the purposes for which a medical officer is required?—That is, of course, entirely a question for the Post Office.

160. You say that it would be necessary for somebody to examine an injured workman, and give information as to the exact circumstances of the case. That point might be met by the medical officers attached to the Post Office?—They might take on that work; I do not know at all the character of the officers employed by the Post Office, or the terms of service, of course.

161. But as far as you are aware that point might be met by the medical officers attached to the Post Office?—Yes.

162. You say that there should be power to come to an agreement with the workman that he should accept reduced weekly payments or that he should commute any further claim for a lump sum. There is nothing in that, is there, that would be difficult for the Post Office to undertake?—Nothing too difficult. The whole point was to make clear what, exactly, has to be done in these cases—the extent of the business—that is the whole point.

163. The Post Office could quite well overtake the payment of the lump sum, you think?—Yes.

164. With regard to all the difficulties which you bring forward that the Post Office would meet, the Post Office itself is a large employer?—Yes.

165. And their workmen will all come in now under the Workmen's Compensation Act?—Yes.

166. It will, therefore, come into the relationship of employer and employed as regards workmen's compensation?—Yes. They may come within a contracting-out scheme.

167. But they will come into that relationship?—Yes.

168. They will meet with the same difficulties that every other employer has to meet?—Unless they come within a contracting-out scheme.

169. Even then, presumably, Parliamentary questions will arise as to whether compensation received by a man is adequate?—There will be separate provisions, and these will not be submitted to court. The contracting-out scheme takes the workman entirely out of the Act, and the county court jurisdiction does not apply.

170. All those questions which might come up before Parliament as to the inadequacy of the sum, or its being obtained by fraud or undue influence, or improper means could come up quite well under any scheme?—Hardly.

171. It is not so likely, but it might come up under any scheme the Post Office might devise?—It is possible.

172. If the Post Office do not take up the business of insurance generally, these questions might be likely to arise?—It depends entirely on the terms of the scheme.

173. You think there would be more of them?—In the case of the contracting-out scheme it would rest with the Treasury.

174. The Treasury would bear the burden instead of the Post Office?—Yes.

174A. You are prepared that the Treasury, who are accustomed to being beaten should have another rod applied to them, sooner than that the Post Office who are never criticised should?—I think the Post Office would prefer it.

175. The Home Office are indifferent?—Quite so.

176. Then you think the Post Office might be placed in an awkward or false position; but if they merely carry out the obligations of the law, will they?—The obligations are not defined with regard to the amount of compensation in a large number of cases. That is where the difficulty comes in. It is done by agreement, and the amount is not defined.

177. But I suppose any insurance company has to meet these cases?—Yes.

178. And they may find themselves in an awkward or false position?—But they are not a public department, and are not open to criticism to such an extent.

179. I dare say that it is as unpleasant to them to be in an awkward position, as it is to a public department. There is nothing fatal in that to any scheme?—No, there is nothing fatal in it.

180. It is merely that it may be unpleasant to a department?—It is only a point to be considered.

181. You say that it is the employer's names that appear on the record always?—Yes.

182. Most of the odium would attach to the employer then probably?—The name of the employer comes into court, but it would be discovered who was at his back whenever public attention was directed to a case.

183. But in the first instance the employer is the person in whose name any proceedings are taken?—Yes.

184. Afterwards it may be disclosed that he has insured with the Post Office or with an insurance company, but as a matter of fact the proceedings are taken in the name of the employer?—Yes.

185. The insurance company does not bear the brunt in Court, but the employer whose name appears?—There was great feeling against the insurance companies displayed by almost all the witnesses on behalf of the workmen who appeared before the Compensation

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Committee. Most of them would do away entirely with insurance companies, and would like the Post Office to undertake the whole business, and—I am only guessing—but I think the Post Office would probably lay itself open to the same friction.

186. (*Mr. Denman.*) As to the relation between an insurance company and the employee under the Act, the insurance company practically does not appear except in the case of bankruptcy?—Not in court.

187. Nor in arrangements?—It makes all important arrangements in at all serious cases.

188. I am talking of law rather than of fact. The insurance company can keep out of the arena in law?—If I remember rightly they had power under the old Act to require medical examination, but they hardly come in at all in law.

189. As a matter of fact insurance companies have very largely taken over the working of the Act, but it would be possible for insurance companies to take up the view that the employer and employee must make their own arrangements and then come to the insurance company?—The reason why they cannot do that is that when the employer is insured he wants the workman to get as much as possible out of the insurance company.

190. There is the risk of collusion of course?—Yes, collusion in a very wide sense.

191. If an employer and employee came to a provisional arrangement and then submitted it to an insurance company, the insurance company could keep itself free from public criticism, because then it would merely point to the agreement that the employee had already made provisionally with the employer, and no moral blame of any kind would attach to the company for accepting such an agreement?—No, no moral blame.

192. It is simply a question of practice?—It is simply a question of cost. If the insurance companies did not make the agreement themselves and interfere to a large extent, the cost would be increased very considerably and run up the rates. If an insurance company was ready to accept any agreement made by an employer with his workmen which might be much more generous to the workmen than it ought to be under the law, would not that result in very high rates?

193. Referring to questions asked by Mr. Cochrane concerning the Act that is being promoted by the Board of Trade, do you know of any case in which any employers' liability insurance company has failed?—No.

194. So that as far as you know that Act is a piece of theoretical legislation to meet an imaginary danger?—I should not like to call it imaginary.

195. But as far as you know? It is imaginary to you because it is a danger that you do not know of?—"Imaginary" rather suggests that there are no good grounds for apprehension. I only call attention to it for this reason—that in the debate on the third reading of the Workmen's Compensation Bill the reason given for the Post Office not accepting the amendment was that they might be advertising companies that were insolvent. It was the Workmen's Compensation Committee that first suggested this Bill and then the Home Office suggested it to the Board of Trade.

196. (*Mr. Davies.*) You would expect public fear as to the solvency of insurance companies to send a large number of insurers to the Post Office if the Post Office established a system?—A certain amount.

197. At equal rates you would imagine people would go almost as a matter of course to the Post Office?—In the case of domestic servants a single lady with one servant if she was frightened of a company would not be frightened of the Post Office.

198. (*Mr. Cochrane.*) In Section 10 you say, "A "limited policy of this kind would probably, even if it "was considerably cheaper than a comprehensive policy, "be much less attractive to the ordinary employer." Might it not be attractive to the very small employer, employing one or more workpeople. It might be easy for the small employer to take the risk of having to pay compensation for one, two or three months who could not possibly afford to pay compensation for several years. If he could get a cheap policy to cover the larger risk, might he not be willing to take the smaller risk on his own shoulders?—If it was considerably cheaper and if the ordinary companies were not in competition with the Post Office in that case I think he would probably prefer to take the cheaper policy for the limited risk.

199. That is a point which you think well worthy of being inquired into?—Yes.

200. Probably the large employer would desire to be covered in all cases and more particularly in the cases lasting under a month?—Yes.

201. In the great bulk of the cases in large works?—I think that probably—but it is only a guess—the evidence of insurance companies would be that great advantage was taken of the wider policies covering not only legal liability, but something more very often.

202. You criticised very effectively a limitation being imposed on the numbers of those employed so as to define the small employer?—It is a restriction that has been very often proposed in different ways. It was proposed in the Bill of 1905 as you remember, and also in the Bill of 1906, as introduced, but it has always been open to criticism.

203. The same restriction appeared in the Workmen's Compensation Bill itself. It is open to objections. Would the same objection apply if the restriction was one of wages—that is to say, if the Post Office gave facilities to employers who paid on an average less than a certain amount of wages?—I think a possible way out of it is to make the policy holder, on taking out a policy, make a simple statement that he has not in the past year paid more than a certain amount of wages.

204. You think a definition might be discovered of a small employer?—A restriction might be found which would limit it to small employers.

205. (*Chairman.*) "How far are the profits of com- "panies derived from large employers, and do their "rates for each industry fully cover the expense in "respect of that industry." Have you any Home Office evidence with regard to that? This is a very important question on any financial arrangement?—No, I do not think so.

206. I presume you cannot suggest to us anywhere where we could get that, because clearly the insurance companies are unlikely to give it except under pressure?—I do not see why you should not get a lot of information from mutual accident employers' associations. There are a large number of mutual associations in the mining and textile industries, and in the latter you would have a lot of small employers.

207. You have not any definite information at the Home Office that you know of?—No, I think not.

208. Perhaps you would kindly see if there is any?—Yes.

209. (*Mr. Cochrane.*) Do the mutual companies deal with small employers?—There are one or two which deal with very small employers, and deal with mixed trades.

The witness withdrew.

Adjourned to Monday next at 11 o'clock.

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General Post Office, Monday, 18th March 1907.

PRESENT:

THE LORD FARRER (*Chairman*).

The Honourable T. H. COCHRANE, M.P.
H. DAVIES, Esq., I.S.O.
The Honourable R. D. DENMAN.
L. J. HEWBY, Esq.
W. G. KIRKWOOD, Esq.
W. G. TURPIN, Esq.

E. RAVEN, Esq., *Secretary.*

Mr. A. Vian, Mr. S. Stanley Brown, Mr. R. J. Paull, and Mr. E. T. Clifford.

18 March 1907.

Mr. A. VIAN, Secretary, Railway Passengers' Assurance Company; Mr. S. STANLEY BROWN, General Manager and Secretary, Employers' Liability Assurance Corporation; Mr. R. J. PAULL, General Manager and Secretary, Ocean Accident and Guarantee Corporation; and Mr. E. T. CLIFFORD, General Manager, Law Accident Insurance Society: examined.

210. (*Chairman.*) Before we begin, I should like to say that we are much obliged to you for coming here, and if there is anything which you do not wish to go on the notes or to be recorded, will you say so? I say that so that the proceedings may not be considered to be too formal. You have all seen the reference which has been made to us?—(*Mr. A. Vian.*) Yes.

211. We should like to know whether you would care to make a statement before we begin to ask you questions. Have you formed any opinion as to that?—That is as you may wish. I can make a short statement on the matter, and my friends will corroborate me. I take it that we are not here to go into the question of principle. I assume that the reason for the State taking up a matter such as this, which ousts, to a considerable extent, private enterprise, would be that it would be in the interests of efficiency and economy; and I venture to say that experience fully shows that, from the point of view of economy, no State can transact business so cheaply as an insurance company—that is to say, private enterprise. The State eliminates competition; private enterprise calls it forth. But in this particular case that we are dealing with, you have a very highly-organised industry at present existing. It is a most elaborate matter, and I take it that you will see that it would be most difficult, even for the persons who have at present acted as officials throughout the country, to deal with the complicated questions which arise in preparing the insurances, when I tell you that in one occupation alone, that of engineers, we have something like 30 classes. It means that the difficulty of getting the ordinary person who acts as Post Office official to complete a proposal in those circumstances is very great. When it gets beyond the question of the proposal, and when it gets to dealing with the later stages, there is obviously very great difficulty. As to claims, we require people to act for us and represent us who have a knowledge of the effects of injuries, and know for how long injuries are wont to disable a man. There are certain points upon which it is necessary in this respect to make inquiries, and although, no doubt, the vast majority of claims are perfectly *bonâ fide* and straightforward, and there is no difficulty with them, there is a certain proportion, necessarily human nature being so constituted, that are somewhat dishonest. I think that the Post Office would have very great difficulties in putting on their officials a duty to see into that. It would require a very much larger staff than you at present have—a staff of officials who have knowledge that at present is not possessed. Beyond that we have to consider that when it comes to the question of payment of claims the accounts are very elaborate. You have to see for how many weeks people are disabled; you have to arrange for payments to those people, and to arrange for payment of people at the ordinary post offices of the country will be difficult in many places. There will be certain sympathy with the claimant in small places, which will express itself no doubt in leniency towards the malingerer. In this case you are dealing with men who have very hard lives very often, and to whom any little rest they can get as the result of an accident may be welcome. When you consider that these people have to come to the Post Office in order to receive their compensation, I think you will see that the difficulties are enormous. In some cases no doubt the Post Office would not care to have the small labourer, sometimes not too clean, hustling, in his grocery shop, the respectable customers. So I think from all points of view, not only on the question of principle, but on account of the initial difficulties of dealing with the matter, and the difficulties later on when the necessary stages are followed, it would necessitate a fresh army of Government employees, and on the whole I think it can hardly be said (I am possibly looking at it from a prejudiced standpoint) that it is desirable to increase the number very largely of Post Office officials throughout the country. There are difficulties, as we all know, as regards Government employees; I think I may say for my friends as well as myself, engaged in this business, that we think it would be a great misfortune for the country at large if the Post Office were to stamp out a very large and successful industry, which does all that it can for the workmen, in order that the State may take over the business which would be more costly to the employer, and I venture to think not more satisfactory to the employee.

212. Thank you very much. That is the general preliminary view that the Association takes of the position?—Yes. (*Mr. Paull.*) If I may put it bluntly, I think we do not quite see the necessity.

213. I quite see that, Mr. Paull. That is the general line which the Association would wish to take up?—Yes. We represent, I suppose, something like forty companies. Speaking for my own company, we have something like 15,000 to 20,000 agents throughout the country. There is not a village but where we are represented, and what applies to my own company applies equally to the other thirty-nine. Therefore there is no occasion for people to wait for insurance. Our agents, I think, worry the lives out of people to insure.

214. There is one question that I think perhaps as a preliminary, we ought to ask. What sort of capital does your Association represent?—The private capital?

215. Yes. You represent the Association of which all accident offices are parties?—(*Mr. Clifford.*) Not all. There are two or three outside.

216. You cannot really separate your accident funds from life assurance, I presume?—(*Mr. R. J. Paull.*) None of the companies represented here have any concern with life insurance business.

217. Not in the Association?—There may be one or two interested in life assurance. (*Mr. Clifford.*) All life insurance work is kept separate.

218. Perhaps I had better ask each of you questions. You have made a statement, Mr. Paull, on a general question. Do you wish to make any further remarks on the general question?—(*Mr. Paull.*) No, I think Mr. Vian has covered the ground. (*Mr. Stanley Brown.*) I should like to supplement it with something that he did not say. I think I represent the general conclusion of accident people when I say to you that if you limit yourselves, which you apparently do, to the undertaking of insurance among small employers, small employers naturally bring a small aggregation of risk, and in connection with the small risk the expenses are always very much greater than with any other class of business. They bring small claims, and the medical examination is the same as in a large claim. They have an agent the same as in a large claim, and consequently the cost of handling small cases is very much greater in proportion than that of handling large cases. That is my very first objection—that you would have to meet that by premiums which are relatively much higher than those of the larger business. (*Mr. Paull.*) Yes, but which can be done cheaper collectively with the business as a whole than separately. (*Mr. Stanley Brown.*) Yes.

219. Is that all you wish to add to the general statement?—Yes.

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220. (*Chairman.*) Would you deal with the general question Mr. Clifford?—(*Mr. E. T. Clifford.*) Referring to the communication from the Secretary, the object is, I take it, to undertake insurance business amongst a class of small employers that it is said companies do not reach. There are reasons why there is no necessity to look at it from that point of view. In confirmation, I would remind you of the organisation of the Prudential, an ordinary life industrial insurance company, which is quite competent to reach all the smaller classes of people without any State aid of any sort. I am bound to say I regard it, as far as the insurance companies are concerned, as unimportant to them whether or not the Government undertake the business. I am sure, in my own mind, that if it does undertake the business, it will justify the insurance companies' rates, and I do not believe myself it will interfere in the slightest with their business. That is my personal opinion. I do not speak on behalf of the Association. (*Mr. A. Vian.*) Not if it is effected on a large scale? (*Mr. E. T. Clifford.*) I do not think so. The expense attending it and the circumlocution will enable the ordinary accident assurance companies to compete with great advantage. I do not think it will affect them in any considerable degree.

221. That is all you wish to add on the general statement?—Yes.

222. Perhaps it will be the best plan for us now, having received the general view, to ask questions giving the points that have suggested themselves to us, and to go round the Committee in that way. I do not suppose that you would all put forward exactly the same views on each question. I had better ask Mr. Clifford first, perhaps, and ask the other gentlemen if they wish to add anything?—(*Mr. E. T. Clifford.*) Mr. Vian is our chairman.

223. Then I had better ask him first?—It does not matter in the least. (*Mr. A. Vian.*) No, it does not matter in the least.

224. The Committee would be very glad to get some information upon the facilities at present offered by the existing companies, first, in regard to trades, and secondly, in the more outlying parts of the kingdom. First, as regards the trades; do you think your insurance organisations practically cover almost every trade?—(*Mr. A. Vian.*) Yes. We are framing rates for the whole of the trades of the country. They are, I may say, nearly finished now. We contemplate issuing those rates to our agents and our inspectors throughout the country. It is the duty of our superintendents in their various districts to see that those rates are in the hands of all our agents. Our agents, as you have heard from Mr. Paull, number many thousands. Their duty is to see that no district, no place, however small, is left unvisited and uncanvassed.

225. That is as regards the present policy of the insurance companies?—Quite so.

226. Does that cover such outlying places as, say, the west of Ireland or the islands of Scotland?—Yes.

227. Taking the map of Great Britain—England, Scotland, and Ireland—do you say that your organisation geographically covers the whole of that?—Yes, but there may be some of the islands in the west of Scotland where, certainly speaking for myself, we have very few agents, because there is very little to be done indeed there. With those exceptions I may say we cover the whole of the country.

228. The law applies to them just as it does to the City of London, and therefore a small employer will require to insure there just as much as in England?—Yes.

229. Are your companies thinking of extending to all parts?—Certainly. The new conditions call for new arrangements, and as to those places where there is now a field which did not before exist, we shall cover that field to the best of our ability, and employ agents in those places where before it has not been worth while to do so (*Mr. R. J. Paull.*) To go further than that (my friend, Mr. Vian, is speaking for his own company in that statement), there is no place in the United Kingdom where we are not represented, and what applies to my company applies to many others. The whole of the United Kingdom is mapped out, as far as we are concerned into districts. We have resident officials whose duty it is to see that there is no village where we are unrepresented.

230. Including all parts? — Everywhere, without exception.

231. Mr. Stanley Brown, what do you say?—(*Mr. Stanley Brown.*) I would like to make this remark in connection with that: speaking of the outlying districts, it is a very common thing for people who have to take up insurance policies, and live in those parts, to meet in centres as in banking business. It is there they do their insurance business. It is not absolutely necessary to conceive the idea that every one of these outlying people living in a little place by itself should be visited by an agent, although that, of course, may be arranged. These people always come to market meetings and to the central towns round which they live. They come up for many purposes—to purchase and bank, and, amongst other things, for insurance. In this sense there are gentlemen who, principally by reason of their banking connection, are in a position to enforce the necessity of taking out insurance policies.

232. But you say that practically every one of the inhabitants of these islands meets an insurance canvasser in some way or another?—Yes, once a month, I should say. (*Mr. R. J. Paull.*) I put it the other way: the canvassers meet them; they do not meet the canvassers.

233. I would put it like that?—(*Mr. A. Vian.*) The outlying districts most difficult to reach are those tenanted principally by farmers, and those in the horse trade and so on, and those persons from the nature of their occupations have to go to market every week for manure and supplies and various other things, and they are always met there, if they are not met in their villages and in their own houses.

234. Have you anything to say on this point Mr. Clifford?—(*Mr. E. T. Clifford.*) No, except that you may take it for granted that wherever there is insurance required there will be the insurance provided. (*Mr. R. J. Paull.*) We are all tumbling over one another, my Lord, to get the business.

235. I am delighted to hear it. The old question whether supply precedes demand, or demand precedes supply, is one you can never settle?—(*Mr. E. T. Clifford.*) The demand has been made.

236. But the new law coming into force on the 1st of July may alter the character of that demand. I do not say it will. In your opinion, the whole of Great Britain and all the outlying parts, and practically every inhabitant gets a chance of insuring easily?—(*Mr. E. T. Clifford.*) Yes. It will be our business to see that they have that chance. That is part of insurance management. (*Mr. R. J. Paull.*) Whereas this is a new Bill creating a new liability, the companies in existence at the present time have business with practically everyone throughout the kingdom in one form or another, and this is merely an adjunct to our other business. We already have reason to approach these people if not for one form then for another form of insurance. (*Mr. A. Vian.*) Further, my Lord, many people who live in the more outlying places are the agricultural classes, who are under the existing law.

237. That deals with the first point that I wish to ask about, and I may go on to the second point about which I will ask Mr. Vian now, as we have the answer to the first point. With regard to the case of small policy holders at present touched, from your actual experience can you give us any information as to the class of people who insure—not, of course, large employers. We all know about them. We very much want to get information if we can about the small employer. Does he insure, do you know?—(*Mr. A. Vian.*) Yes, where liability exists under the present Act. In the other cases the fact that in certain trades there has been a liability hitherto existing has necessarily had the effect of producing a certain desire to insure among those people where no liability previously existed. An employer thinks it rather hard that one trade should be excluded from the benefits of the Workmen's Compensation Act, and therefore the passing of that Act has led in many cases to the insurance by small persons for the benefit of their workmen, so that when the workmen are laid up they may give compensation, even although there is no legal liability. A considerable amount of business has been done amongst small employers in that way; in fact there is more sympathy between the small employer and the workman that there is between the big employer and the workman.

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238. Is it possible to give any facts or figures as to the question of whether you get small employers? That is not published anywhere is it?—No, it is not published, but we could give information I imagine on that score. (*Mr. Stanley Brown.*) I am a member of the Rating Committee dealing with the rates under the Act. We have had before us men with large experience from many companies. We have had evidence that a very large number of people are insured, and have been for some years insured in anticipation of this Act. My own company, in common with many others, has been giving a policy which insured to farm labourers the benefits of the old Workmen's Compensation Act, although they were not legally entitled to it. In connection with that business we have succeeded in securing a considerable number of farmers, and many other companies have done the same thing. We can give specific information on the point.

239. It would be a most useful thing for us to have. You mean prior to 1900?—Yes, the Farmers Act. (*Mr. Paull.*) That only applies to farmers. For the last 20 years we have been issuing what we call a joint policy.

240. You referred to farm labourers as not being under the Act; that is what puzzled me?—(*Mr. Stanley Brown.*) We started before the 1900 Act.

241. Have you anything to say, Mr. Paull?—(*Mr. Paull.*) As a matter of experience we find it is even easier to get the smaller people to insure than the larger. Many of the larger people take their own risk up to the present time. The smaller people are not in a position to do so. They recognise that there is a very serious liability, and that for the payment of a few shillings they can cover themselves against that liability. Speaking from experience we find that it is easier to get the smaller people in trade to insure than the larger. They do not require as much persuasion.

242. Mr. Clifford, have you anything to add?—(*Mr. Clifford.*) A new situation will be created. An enormous body of employers will have to insure that never insured before. We may have to deal with a different type of employer, a smaller employer than we do at present; I think it is quite possible. (*Mr. Stanley Brown.*) In conversation, one of our competitors, who is now coming into this business (I mention this because I think it will interest you perhaps), and who is not represented here, stated to me that he had small fire policies in existence, two-thirds in number of the whole of the farmers of the United Kingdom. That is in one office, therefore it is very clear that other organisations could at once approach a large number of farmers.

243. Mr. Stanley Brown said that he was a member of the committee that is attempting to fix what the premiums should be under this new Act. I assume that your figure, Mr. Brown, coincides with six or seven millions of new people coming under this Act. That is the figure given to us, roughly. The Act affects about six or seven million new people in the United Kingdom?—(*Mr. Stanley Brown.*) Are you including farmers in that? If you exclude farmers there cannot be so many.

244. That is a matter that we can get from the Home Office. I suppose that you are not very clear yet, and nobody is, as to exactly what shall be the rates charged. It must be to some extent a case of experiment?—Yes.

245. The principal figure that has been given to us is this, that the railway companies which have mutual arrangements have found that 10*s.* per 100*l.* wages has been about the figure that they have had to charge?—(*Mr. Vian.*) I think, taking it all round, it would come to a little more than that, and then it must be remembered that the railway companies have special facilities for dealing with this business. They can do it at a very much cheaper rate than any company can deal with it. The men for the most part congregate at such places as Swindon and Crewe, and workshops of that sort. The railway companies already have their own medical men. As the men, moreover, have their pension time to look forward to, there are reasons for making arrangements with their employers which do not exist in the vast majority of trades throughout the kingdom. Therefore the conditions under which that particular business is done do not apply to elsewhere. At the same time I ought to mention, or leave to Mr. Brown to deal with, the question of rating, if you wish for further information. I think that the experience we have under the existing Act, combined with the knowledge we possess by working under joint policies, to which reference has been made, which provide benefits for those coming under the Act where there has been no legal liability, is enabling the Rating Committee to arrive at what I believe to be very fair and equitable premiums. In some cases they are too low, I fear, but we are desirous of erring on that side at the outset, as it is more satisfactory to policy holders, whom we have to consider, that the rates should be raised because it is inadequate rather than that we should charge too much at first. The rates, I think, will be found to be equitable. We are justified by the amount of information we have. As to one occupation alone—engineers—the wage roll goes into many millions. In some branches we have a dozen millions of wages to deal with. That ought to give us a very fair experience, and show that we are justified in splitting up the engineers into so many classes as they are split up into.

246. Do you wish to say anything on this point, Mr. Clifford?—(*Mr. E. T. Clifford.*) I did not quite understand your reference to railways.

247. In the 1905 Report on the working of the Workmen's Compensation Act, the last report issued, I think it said that it was the trade in which the most accurate figure had been arrived at hitherto?—No, that is not so.

248. That is what led me to ask if there were any figures beyond guess-work (Mr. Vian has said that there are figures beyond guess-work) which give some basis for the rates which you are charging?—(*Mr. Stanley Brown.*) In dealing with railway figures I might say, as far as I know them, and I know them well, with regard to one or two companies they deal with something more than the Act, and they take money from the workmen in respect of accident liability, so that those figures are complicated by that. That does not touch the volume, I admit. I think it is a warning not to deal with that element too much, and it may be so with regard to others.

249. You say that there are sufficient data to go on in fixing this. There is a difference in the forms of policy between the various companies, no doubt; but, broadly speaking, you have a basis to go upon, and it is not guess-work?—Oh, dear, no; there is a good volume of business to deal with which is a guide to us, and we are proposing to have a common form of policy.

250. For the whole Association?—Yes. (*Mr. Paull.*) There is not much difference.

251. Do all the offices of the Association wish for a common form of policy?—(*Mr. Stanley Brown.*) It is part of the understanding of our Association that we should have common rates and a general common policy. The effort of the Association which is now about to be brought to a point is that all differences should disappear, and that we should have common forms. (*Mr. Paull.*) I would like to emphasise the fact that what applies to the domestic servants question does not apply to trades generally. There is practically only one form of policy. What we undertake is to give an indemnity against the legal liability. That speaks for itself, and having said that we have said practically everything. We undertake to give a complete indemnity against the employer's legal liability.

252. Is that the common form?—That is practically the form that is in existence.

253. But do the offices compete for business outside the legal liability, say, by excluding payment for the first fortnight?—Yes, but that goes outside the legal liability.

254. (*Mr. Cochrane.*) I understand there may be an agreement as to premiums, and also it is in contemplation to have a common form of policy for all accidents under the Workmen's Compensation Act?—(*Mr. A. Vian.*) Yes.

255. At present there are various forms of policy?—The companies have formed their own policies.

256. I have in my mind the kind of policy that provides that all the legal and other expenses are to be paid out of the sum?—(*Mr. A. Vian.*) I do not know of such a policy. I will not say that there is no such thing, but I have not seen one.

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257. Such a provision as that would not come under your common form?—Certainly not. We should be happy to supply you with the form proposed, so that you could see that it is a perfect indemnity.

258. Another form of policy, as I understand it, is sometimes that only the balance between the common law risk and the risk under the Workmen's Compensation Act is insured?—I do not know of such a policy. Some companies have in the past put a limit in the case of the common law liability. While there is a limit fixed in the Employers' Liability and the Workmen's Compensation Act, there is no limit in the case of common law. As you are aware, some of the companies, my own amongst them, have in the past put a limit and have endeavoured to limit the risk to a liability adequate as we think to the premium we charge. We desire to fix that as low as possible. In view of the present circumstances the Association thinks it better to give a complete indemnity, not only as regards the Employers' Liability and the Workmen's Compensation Act, but also with regard to the common law. We are now framing a policy without any limit. I need hardly say that the expenses necessarily form part of the liability that we contemplate.

259. The expenses would be included in the policy?—Yes, the expenses would be included in the policy, and would not fall on the policy holder. Personally I know of no company which excludes liability for legal cost.

260. I suppose the Scotch offices are represented here?—Yes, through the Association. (*Mr. E. T. Clifford.*) I can quite understand that in certain cases the company might from some other cause have refused to pay legal expenses. The Association policy is intended to be (and we get the best advice on the subject, and we have our own experience in the matter) a policy that is above suspicion, a policy with regard to which we can say to a man: "This is a complete indemnity to you either under "statute or common law in your capacity as employer. "State what the wages are, approximately, pay the pre- "mium on those wages, and you shall have as complete "an indemnity as can possibly be given, subject to "certain reasonable qualifications." We make it a *sine qua non* that they shall reasonably do so and so. It is found better to form a policy complete, clear, and free from anything like onerous conditions. You were anxious to find whether we were proceeding from experience or haphazard.

261. (*Chairman.*) That is what it comes to?—You indicated the experience of railway organisations.

262. I said practically the only fact that I could get at was with regard to that?—I would press the point put forward by Mr. Vian, that the experience of ordinary railway companies should be viewed with considerable hesitation. They are settling with their own employees, and their men often have an interest in the funds. It is evident that the position is not the same. An insurance company settles with an employee on different terms from that which a railway company would settle with its own employee. It is human nature that whatever desire the railway company may have to protect their employees, the employee must be affected by the situation. I am not satisfied with the result of railway experience as a guide to rates. The only reliable experience is with regard to claims which have been paid under statute and common law by the insurance companies. They have their experience which they can work out on the pay roll. Add to that their opinion of the new liability created by the Act, and you have the most reliable experience: they have proceeded most carefully, and the rates are formed with a view to meet the case without creating any abnormal profit or behaving at all unfairly to the public at large.

263. Might I ask one question on that. Has the Rating Association taken any foreign experience into its consideration?—No, it would not be safe to do that. We tried foreign experience when we rated for the 1897 Act.

264. You broadly say the conditions are so different that it is not worth one's while as an actuarial calculation to do it?—I may say that the committee are justified in relying on, with the greatest possible confidence, their experience of the Employer's Liability Act, 1880, Lord Campbell's Act, the Acts of 1897 and 1900 and common law, and what are known as joint policies. Our experience is definite, because we have such an extended pay roll to guide us. The only addition we have to make is the increased liability created by the new Act. The rates have not been formed haphazard at all, but with the greatest possible care. We have been sitting at them almost day and night for some time past. (*Mr. A. Vian.*) We took foreign experience into consideration when we had first of all to meet the Workmen's Compensation Act that was passed in 1897. Then we had only a small experience of our own, which was not quite on the same lines. Now we have so much of our own experience to go upon that we think it desirable to follow that.

265. With regard to the question of old and infirm persons and doctors, especially in outlying parts, I will take those two subjects together. You have now a complete sort of policy. What do you propose to do with regard to old people or infirm people under this new Act?—We are not proposing to make any exclusions.

266. The old and the infirm will be dealt with under the same policy?—Dealt with under the same policy; that is the case is it not, Mr. Paull, absolutely?

267. By all the responsible companies?—(*Mr. A. Vian.*) Yes. (*Mr. Stanley Brown.*) There is a condition in the policy that the employer shall undertake to use reasonable precautions to carry out all statutory obligations, to prevent accidents and to employ competent workmen.

268. Have you anything to say, Mr. Paull?—(*Mr. R. J. Paull.*) I do not quite agree with what has been said. It is a legal question whether they would be accepted or not. It is governed by the Act.

269. Yes; but you would make conditions as to what you would insure?—Exactly. We insure hundreds of men, for instance, with only one eye, or hundreds of men with only one leg or one arm.

270. May I put a concrete case, because it is easier? I have an old butler. He is undoubtedly more liable to slip down than a young man. You make no difference?—No difference.

271. I do not want to get trade secrets out of you?—There is no trade secret about it. We do not intend, as an Association, to make any invidious exclusions. I do not see how we could do it.

272. None of the larger offices intend, then, to make a class exception?—No, certainly not.

273. Is infirmity covered by your policy?—(*Mr. A. Vian.*) There is no mention of infirmity. The only thing that could in any way be applied is the clause to which reference has been made, namely, the one under which the employer has to take reasonable precautions. Sometimes he cannot, however desirous he is, comply with the statutory obligations. Men will take off guards, for instance, in order to work easier, and so on. We only require him to take reasonable precautions to avoid accidents and to employ competent people, and to carry out statutory regulations. Some of us, as a matter of fact, have suffered very much from what Mr. Paull mentioned. We had a man employed with only one arm and a leg, and he promptly lost the other arm. (*Mr. R. J. Paull.*) The worst case I had was that of a man, who was deaf and dumb, put to work that he ought not to have been put at, and he lost both eyes. A worse case you cannot conceive. (*Mr. A. Vian.*) In case of serious and wilful misconduct, if the injury is only serious enough, the new Act provides that gross negligence will not matter. (*Mr. R. J. Paull.*) If we contest a case, and the court decides there is legal liability, we have to pay.

274. As I understand the position, you have carried it as far as you possibly can, practically to cover everything?—Yes. (*Mr. Stanley Brown.*) If we did not put the condition in, our policy would be open to very great objection. With regard to cases where, by statutory obligation, the employer should take precautions, the absence of the clause would put a premium on negligence. We should cover him where he does not.

275. Have you anything to say, Mr. Clifford?—(*Mr. E. T. Clifford.*) No, except that the particular clause is not put in so much to protect insurance companies. I agree with Mr. Brown, and I hope the public will take that view of it. The object of the clause is to protect

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an employee from a negligent employer. (*Mr. Stanley Brown.*) I hold a strong view that if any company issued a policy without requiring reasonable precaution, it would be a very wrong thing to do.

276. You mean that it might lead to moral difficulties?—Yes.

277. We need not go beyond what you have done; that is hardly for this Committee?—I put it in that strong way to show you why it is included in the policy. It clearly defines what we undertake, and how far we go.

278. It might be urged in the opposite direction that you put in a clause which says that a man is to employ competent workmen, leaving it to the courts to decide what competent is and what it is not; but I do not wish to press that?—(*Mr. R. J. Paull.*) It simply comes to this: if the law is against them they have to pay the expenses.

279. How do you propose to deal with medical questions in the new districts which you cover. Take doctors in outlying parts?—(*Mr. A. Vian.*) Our medical arrangements already are such that there is no difficulty on that score, I think. I am speaking of my own company, and I presume it is the same with the other companies. We have arrangements with doctors throughout the country, and where necessary they are called in. In many cases you do not want a doctor. It is only a case of a few weeks' disablement, and there is no difficulty at all. With regard to malingering, if you find that an injury of a definite nature produces disablement out of proportion, you ask the doctor to see to that case. That is where I think any State Department would find itself placed in an invidious position if it had to do work of that sort. The arrangements will be even more thorough and far reaching than they are. (*Mr. E. T. Clifford.*) I confirm that. (*Mr. R. J. Paull.*) The same thing applies now with regard to medical assistance as to agents. We have them everywhere.

280. The next point is whether companies deal with the same class of persons, or have you arrangements among various companies to deal with different classes of persons?—(*Mr. Stanley Brown.*) No. (*Mr. E. T. Clifford.*) We all deal with the same classes. (*Mr. R. J. Paull.*) Yes. (*Mr. Stanley Brown.*) We all compete with one another. (*Mr. A. Vian.*) Yes.

281. There has been an enormous amalgamation of companies of late years, and Mr. Vian stated in his opening remarks that the State would eliminate competition. What competition is there if you have the same policy and the same benefits, except possibly competition in touting?—(*Mr. A. Vian.*) That undoubtedly must be taken into consideration, but outside that there will be always sufficient competition among ourselves and the members of the Association, and at present there are between 30 and 40 members, We are all bound to do the best we can for our respective companies, and to get as much business as we can safely undertake. There is always competition among ourselves although we are charging the same rates. We have to depend on the activity and energy of our agents to supply business. Besides the natural competition existing between us there are always sure to be two or three companies outside our Association who rely upon the fact of being outside the Association to secure a certain amount of business. That is their recommendation to the public, that they are not allied with us; just as it is the recommendation, and has been for many years past, of certain fire offices, that they are not tariff fire offices. When they have built their business they have generally become respectable and joined the Tariff Association. (*Mr. Stanley Brown.*) I would advance in support of what Mr. Vian put forward that the profit of these tariff companies upon their turnover is extremely small. It is measured at the very outside by about 5 per cent. Its average, I should think, is nearer 2½ in such a large business as we do. We do not unduly burden the public with a high premium. On the other side, a tremendous advantage is given to the public, and it is a very small rate of profit on the turnover for the conduct of such a large business. (*Mr. R. J. Paull.*) You referred to the amalgamations. They are largely due to the fact that there was no tariff in existence with regard to workmen's compensation business, speaking broadly, as a matter of fact, there has been a loss, and no profit since passing of the Act of 1897. (*Mr. A. Vian.*) In this particular business there are a very much larger number of companies in the business than ever there were before, by the advent of the fire companies. (*Mr. R. J. Paull.*) It has been worked, no doubt, at less than cost price. (*Mr. E. T. Clifford.*) You want to know the effect on the public of the absence of competition?

282. (*Chairman.*) Yes. My point is a very old economic one—that where competition is very largely possible, it may—I do not say that it does—become not a benevolent despotism but an unbenevolent despotism. The competition in the matter that is spoken of now is clearly a competition in facilities, not in rates. That is obvious. Is that sufficient to protect the rates going up in the future, and if so have you any suggestion to make with regard to the competition that you meet at the present moment? Putting it perfectly frankly to you, it seems to me that the strongest competition that you have to meet is the mutual associations of employers. I thought that probably that would be brought up by you?—(*Mr. A. Vian.*) We have in the past had the competition of mutual companies. For the most part, after a few years they have ceased to exist. They have not always worked very cheaply; there have been difficulties apparently arising within the body that have led to no very long prolonged associating in certain cases. Then there is a certain advantage in having to deal with an established company with a reputation and an organisation already framed. There is no doubt that the larger the organisation the more cheaply it can work, or should be able to work. Therefore it has advantages in that respect and can offer lower premiums very often than even a small mutual association, because of the necessary expenses of working. I do not think there need be any fear that there will not at any time be sufficient competition. There is always certain competition among ourselves, as I say, and there is always the possibility of competition from outside—that is to say, new companies on the ground that there is a tariff, and therefore it is time for the new company to start.

283. (*Mr. Cochrane.*) Do you think the association with a tariff is likely to debar competition?

284. (*Chairman.*) Let me take an analogous case. There may be no competition existing, although I do not say that it is so, and it may be possible to put up the rates. I do not think, as far as I can see from the past history of banks, which are similar institutions, that it is the least likely, Nobody can start a fresh bank now, and yet there is great competition for banking accounts. The competition may take another form. I only wish to ask the general question?—I do not think there is any comparison in the case, except with fire offices; I do not think banks form a comparison at all. They have a right to vary the conditions, and so on. The only organisation I can compare with what is now before you is that of fire companies. They are governed by a tariff. All great organisations are governed by a tariff subject to slight unimportant variations. Now has that organisation been to the detriment of the public? I say, with some knowledge of the subject, that although it affects some persons engaged in large businesses occasionally, yet after all that has been to the direct benefit of the community. The fire offices of this kingdom have never tried to create a corner. They have always bound themselves and acted on a rate which would meet the risk, subject to a small loading, which after payment of expenses yields something less than 5 per cent. on the turnover, as Mr. Brown says. Now that is the business as it is carried on in the strong hands of the big fire companies. I think you may be sure that this, although there may not be competition in one sense, will certainly not lead to anything like a corner, or do anything that will prejudice the public. We are quite convinced of that.

285. (*Mr. Cochrane.*) Can you describe exactly what takes place in issuing policies of insurance in connection with workmen's compensation?—(*Mr. A. Vian.*) An agent, having pointed out to an employer the liability existing, asks him to fill up a form of proposal. In that proposal there are various questions that have to be answered as to the nature of the occupation. If it is an ordinary case the agent refers to his book of instructions,

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or book of rates, or whatever book it may be, according to the different companies. There are a large number of rates therein, and from that he picks out the rate adequate to the case, and sends the proposal to the company, or to the branch office in some cases. In our case it is the head office generally. The head office verifies the rate charged, and sees that it is correct. Very often there is a good deal of correspondence about it to see whether it is correct, and what the occupation is. There are cases where the occupations, especially of small men, are rather mixed up. A man may be a wheelwright and blacksmith and various things in a small village. There is this difficulty to deal with, especially if your agent does not happen to be an experienced person. The rate having been agreed and the premium paid, the policy is issued by the company and sent to the man. That is what takes place. There are times when in larger cases you want an inspection of the works, as in collieries, or in the case of other works. It is found that you may take a lower rate in one case, where the works are properly organised and there is good machinery and efficient superintendence, than you can in another case. I take it you are dealing more particularly now with the small employer?

286. There is then a scale of rates which varies according to the nature of the employment?—Yes, a rate for each employment, and that is one of the difficulties in dealing with this. I do not know how many there are. The matter is so different from the insurance business the Post Office already undertakes, namely, the matter of life insurance. There the matter is easy enough for the most ignorant postmaster in a small village to deal with I might almost say; but when you take these questions it becomes a very difficult matter for anybody, even with some knowledge of the business, to deal with them.

287. Your knowledge is based on very wide experience?—On very wide experience.

288. When an accident takes place, what proceeding is taken?—The procedure usually is that, in the case of a small employer, where accidents do not frequently occur, he is supplied by the agent with a form of claim. We learn from that what the nature of the accident is, and the nature of the injury received, and the case being verified at the office or local branch, instructions are given that the payment shall be made. A man receives his payments weekly in various ways; sometimes from the agent and sometimes from the employer. That is a matter for arrangement. Very often the man is at some distance from the employer, and arrangements have to be made for his payment wherever he may be. We are informed that a man has resumed work by a form, or we are simply told.

289. Where you dispute the claim, for instance, if there is malingering, what do you do?—In most cases the disablement is much longer than it should be, even in genuine and straightforward cases, because the surroundings of people are not often such as to admit of their recovering as soon as they should. They cannot afford what should be given to injured persons in many cases. We make allowance for that. After a time it is obvious that if a man is middle-aged—forty up to fifty—he ought to have recovered from an injury not too serious. Then we refer to our medical man and instruct him to examine the injured man. He makes a report. If he says the injury is still disabling him, we continue to pay. If by chance we find out, as occasionally we do no doubt, and must expect to find, dealing with a vast number of people, that a man is going on claiming payment and does not care to work, and is taking it easy for a time after a life of toil (and I confess I am not without sympathy for that person under the circumstances), we instruct the employer that we have stopped and left the man to his own resources. Those are ample, because at the present time there are any number of solicitors who are only too glad to take up a case on the chance of getting what may turn out.

290. Where the payment is stopped, and a man takes legal action, it goes before the county court?—Yes.

291. A decision is then given either that you are to continue or not to continue the payment?—Yes, but going to a county court involves payment by us to solicitors. We have once or twice had cases which have been obviously bolstered up by a trades union, and the judge has on two or three occasions made the trades union pay the costs, because it was a flagrant case. That is only one of a great number of cases. Ordinarily it costs us a good many pounds to fight a case, and we cannot get anything from the other side, and we think it better (and I am afraid we consider expediency rather than what is the right and proper thing to do), and we prefer to go on paying a man longer than we should than pay so many pounds in legal expenses and sometimes with a doubtful result. Judges have differed very widely in these matters. Some of them show, especially in certain districts, remarkable sympathy with workmen.

292. That adds to the premiums. You have to cover these cases in the premiums that you charge?—Yes. That is a part of the indemnity. We give full indemnity to the employer.

293. You take that into consideration?—Yes.

294. What machinery have you for making the weekly payments. Could you explain that?—We have our agents throughout the country, but more frequently we do it through the employer. Mostly we do it through the employer. Very often a man will send up to the employer's works on pay day for the wages. Occasionally a man will go to his home at some distance if the injury is a serious one. You have to make arrangements according to those circumstances.

295. Occasionally you use the Post Office for that purpose by postal order?—We have used it occasionally, but we have used the Post Office very little. With our system of agency we can generally reach the cases.

296. Not always in some of the remote districts?—I do not remember any case.

297. You anticipate an increased cost from the new legislation by the fact of the fourteen days being reduced to seven?—Yes.

298. That will tell on the premiums?—Yes.

299. What do you anticipate from the fresh interpretation of "serious" and "wilful"?—There are two rather serious points in the Act; one is, the power under which an annuity may be paid. We hit on a lump sum very often as compensation. If the annuity arrangement is to be carried out to any extent, that will be a very serious additional cost, and it is on that account, or to a great extent on that account, as Mr. Brown will tell you, that the Rating Committee are putting up their premiums. There is another thing in the Act which may lead to a great deal of trouble, and I think I shall not be wrong in saying that it is one of the most extraordinary conditions that was ever in a statute either here or elsewhere, and that is, that if an official (the Registrar of the Country Court) has reason to think that a settlement between two parties is an improper one he has the power to modify it. What will be the effect of that I do not know. The registrar of the court is very often a partner in the firm of solicitors dealing with the case. The condition is an extraordinary one. At present, under the law, if a settlement has been obtained improperly, the law can deal with it. There are various cases such as this in which the increased liability will be very considerable, but I think, nevertheless, that our rates will cover that.

300. Generally you think there will be an increased cost which must be covered by a higher premium?—Yes, very considerable.

301. Have you taken that into consideration in the general rate that you propose to issue?—Yes.

302. I think you have already said that your agents have covered the whole of the ground?—Yes.

303. You do not think that, even in the remoter districts, you might be able to use the Post Office in any way to assist you. Could branch post offices act as agents?—I do not think we should like to do so. We should be glad to do so if we could, but the business is so very elaborate and so very technical, as regards the proposal in the first place, the occupation, and so on. We would like to use the Post Office in any way we could, but I am afraid we can only do so in simple cases of transmission, &c.

304. It might be known with regard to the local post offices that a list of insurance companies could be

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obtained there, and their terms. Do you think that some arrangement might be come to under which in certain circumstances Post Office officials might act as agents for you?—(*Mr. A. Vian.*) No.

305. (*Mr. Cochrane.*) What do you say, Mr. Clifford?—(*Mr. E. T. Clifford.*) You ask how far the Post Office or the Post Office officials could act in connection with employers' liability under the Workmen's Compensation Act?

306. Yes.—The Law Accident Insurance Society would be very pleased to enter into an arrangement with the Post Office (we already have arrangements with regard to Civil servants generally) by which every postmaster in the kingdom could represent the society as an agent, and we would give them the most-favoured-nation treatment, and the business could be carried out to the great advantage of the public at large. (*Mr. A. Vian.*) I think if you called in the Post Office in this respect it would be very difficult. It would have to be fair between 30 or 40 competitors. Fancy the postmistress in small villages being asked to decide between 40 companies. (*Mr. R. J. Paull.*) It would depend on the age of the lady and the appearance of the inspector.

307. Where there is a question of the selection of a cable company by which your message is to go, do not these questions arise?—(*Mr. A. Vian.*) In one or two cases, yes; but I do not think it is on quite the same lines.

308. There are not so many, but they have proved themselves capable of selecting?—They must all have fair opportunities and equal treatment.

309. If all insurance companies had equal treatment in the Post Office, the difficulty would not be insurmountable?—It would rather depend on the age of who postmistress and the appearance of the inspector the called on her, as has been said. She might be prejudiced, I fear.

310. There was brought before the Departmental Committee which sat on Workmen's Compensation, under the chairmanship of Sir Kenelm Digby, a good deal of evidence as to the failure to insure. We had a witness before us the other day and he repeated a good deal of the evidence. Might I ask you on specific points. For example, he said that one of the witnesses, the president of the North Lancashire Farmers' Association, in reply to a question whether small farmers insured said, "No, only very few," and then gave his reasons. The Yorkshire Federation of Building Trades Employers stated in a letter that about 75 per cent. of the building and kindred trades insured. The remaining 25 consisted of small employers who were very reluctantly driven to take their own risks in consequence of the high premiums incident to the working of the Act. The third case is this: Commander Smith, Superintendent Inspector of Factories, said that in the case of factories in Sheffield, the Act of 1897 had been altogether inoperative because small employers occupying the factories as tenants neglected to insure, and being men of straw were unable to pay compensation. Similar evidence of a general character was given by Mr. F. Miller, manager of the General Accident Corporation. Would you give us your experience with regard to farmers?—(*Mr. A. Vian.*) At first farmers were very unwilling to insure. The farmer is a sluggish person as a rule, and does not move rapidly. The number has increased very much of late, and facts have been brought home to them very often by extremely heavy claims. We had, a short time ago, the case of so small a man that he would have been ruined if he had not the previous week filled up a form with us. Some of the small tenant manufacturers, I presume, would hardly come under the existing Act at all I do not know the conditions.

311. These are small tenement factories in Sheffield.—Had they machinery there?

312. Yes.—Then they might. No doubt the smaller a man is the less alive he is to his legal liability, and the less likely he is to insure, and the unfortunate result is that occasionally it happens, as a judge pointed out the other day in the case of a bankrupt, that the small man goes bankrupt and the workman is deprived of the benefit which legislation has provided. Unless you have compulsory insurance I do not know how you can deal with these cases. No doubt farmers and all those employing little labour are getting more and more alive to the necessity.

313. The evidence before us showed that there were a considerable number who did not take the precaution to insure?—I think there are. (*Mr. R. J. Paull.*) It is said that the small men in the building trade do not insure on account of the high premiums. I assume that the wage roll of a small builder would be 2,000*l.* a year at the very outside—probably not so much. He would get that risk covered at about 7*s.* per cent., so I do not think the reason given there is a good one. It would not be a very heavy burden on him. (*Mr. E. T. Clifford.*) High premiums suggest not exorbitant rates but hazardous occupations. As a matter of fact, insurance companies have made very little out of builders.

314. If there are a considerable number of people who have not insured under the 1897 and 1900 Workmen's Compensation Acts, there will be many more small employers under the Act of last year?—(*Mr. A. Vian.*) Yes.

315. The evidence which you have been kind enough to give rather points out that it is the small employer with whom you have a difficulty in inducing him to insure?—I will not say that we have a difficulty in inducing him to insure. It comes to the same thing. He is less alive to the importance of insuring than the more educated man. I think it may safely be assumed that if our agents, with every reason for working, fail to bring home to a person the necessity for insurance, it is not likely that the village postmistress or the grocer would.

316. Short of compulsory insurance, you think it is very difficult to get those people to insure?—I will not say it is very difficult to get them to insure. It was at the outset. Wherever you get a new Act, with new liabilities and new conditions, it will take a long time for it to filter through the various classes. So you must expect here; but every day that ignorance is more and more removed, and every day people are becoming more and more alive to the liabilities imposed by the Act, and the necessity for providing against them. The very fact that this new Workmen's Compensation Act will apply to all classes will bring home the necessity to people as it has never been brought home before. People think possibly: "It will not "apply to me as it does not apply to all people." In the case of builders there was an extraordinary difficulty with regard to the 30-feet height. Builders said: "It may not apply to me."

317. Now that that limit of height has been removed they will all be liable?—Yes.

318. Lord Farrer said that it was anticipated that 6,000,000 people would be added to the classes entitled to be insured under the Workmen's Compensation Act. We had evidence from the Home Office giving the figures. Have you any means of dealing with those figures?—Personally I have not. I do not know whether Mr. Stanley Brown has. I should be inclined to think, speaking off-hand without reference to the Census, and such information as I might have, that that is an excessive number. (*Mr. Stanley Brown.*) I am not familiar with these figures in connection with the present inquiry.

319. Perhaps you would like a copy?—I presume they are drawn from the Census?

320. They are drawn from the Census?—I am familiar with them for statistical purposes, and so on, but not in connection with this present inquiry.

321. (*Chairman.*) We will send them to you for you to consider?—Very well.

322. (*Mr. Cochrane.*) Our witness said: "The total "number of persons brought in by the Act of 1906 has "been estimated at 6,000,000" (*see* Home Secretary's Speech on third reading of Bill)." That nearly doubles the number of persons entitled to receive compensation. Do you know how many were liable with regard to compensation under the old Act?—(*Mr. A. Vian.*) I am afraid I do not.

323. The Home Office estimate is somewhere about seven and a half millions. Would that be approximately what you consider the number to be?—Yes. It is very

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difficult to deal with. (*Mr. R. J. Paull.*) We have gone on the wage roll irrespective of the number of persons insured, and therefore it has not been any part of our business to collect information with regard to numbers.

324. Exactly; but Parliament having decided that every man practically is entitled to receive compensation, some burden rests on the Government at any rate to see that every person has had facilities, and perhaps some duty rests on the Committee to see that that is so. It is in that direction that my question is addressed to you?—(*Mr. A. Vian.*) The Committee may be perfectly sure that those facilities may be derived from many sources.

325. With regard to the Post Office Savings Bank, for instances, that meets a general want of the small investor?—Yes.

326. It does not interfere with the ordinary banking business?—I think bankers are of a somewhat different opinion. They think it interferes with legitimate banking businesses, as the Savings Bank has such large powers, and it is not altogether an advantage to the State or to bankers—to the public at large, yes—but they have been receiving larger interest than they should receive.

327. The facilities have been taken advantage of by smaller people who use the Savings Bank as their bank?—Quite so, people of the class of employees that we should have to deal with here, and not of the class of employer.

328. Some people have an idea that what they call the "State" should do everything from feeding children to insuring. But short of that is there any that can be safely and wisely taken by the Post Office in the form of insurance?—I fail to see it. I do not wish to be dogmatic and say there is not, but it seems to me that the whole question of accident insurance is so surrounded with technicalities, especially the more complex matter of employers' liability insurance, that it would be introducing a new and very difficult question that could not be satisfactorily dealt with. I do not think the life and annuity business of the Post Office, simple as that is, has been very satisfactory. Considering all the many points that I have endeavoured briefly to touch upon, although no doubt I have omitted a good many. I doubt if the Post Office could do anything but would find that it was placed in a very awkward position, and that the results were unsatisfactory to the employer and employed. It would mean higher rates to the one and, possibly, delay with regard to the other, and promptitude with regard to labourers out of work is very important. (*Mr. Stanley Brown.*) I take it the scope of the scheme of the Post Office would be only if provision were not made by the companies. That was the suggestion in the letter.

329. Our terms of reference are: "To consider "whether it is practicable, and if practicable, whether "it is desirable, for the Post Office to provide facilities "for the insurance of employers in respect of their "liabilities under the Workmen's Compensation Acts, "either generally or subject to limitations"?—(*Mr. Stanley Brown.*) The way in which it was put to us was whether there is scope.

330. (*Chairman.*) That is the secretary's letter?—(*Mr. Stanley Brown.*) Yes. Speaking on that point the scope exists, but it is a field absolutely new. There is one company that reaches already, as I have said, two-thirds of the farmers, and if about 40 companies cannot take care of the remaining third, then let the Post Office do it. You have two-thirds of the small insurances by farmers handled by one company alone. (*Mr. E. T. Clifford.*) This is the first time I have seen the reference: "To consider whether it is practicable, "and if practicable, whether it is desirable, for the "Post Office to provide facilities for the insurance of "employers in respect of their liabilities under the "Workmen's Compensation Acts, either generally or "subject to limitations." It is limiting the employers' liability very seriously, and I should say to a degree that makes it impracticable. Every insurance company that undertakes this business issues a policy against an employer's liability to his employee at common law or under statute. The policy covers the employer's liability under the Acts of 1880, 1897, 1900 and 1906, Lord Campbell's Act, and the common law, whereas insurances granted simply under the Workmen's Compensation Acts, excluding all the rest, may I venture to say are of no use to the employer. They are too limited. They are not the slightest use. Every action raised then would be under the Employers' Liability Act or at common law, because he would know that it was not covered by insurance.

330*a*. The point which you endeavour to raise, as I understand it, is limiting the inquiry we might make under our terms of reference. The terms include insurance under common law and the Employers' Liability Act as well as the Workmen's Compensation Act?—I follow.

331. I am sure that it is intended to include compensation generally. The "Workmen's Compensation Acts" is not technically limited. You must remember that this is not a Royal Commission with a very careful reference?—(*Mr. E. T. Clifford.*) Does it also include common law?

332. It is our business to settle whether it does or does not. But I think it does.—My statement arose out of the question as to the efficiency (I forget the words used) of the Post Office to undertake the business. All I say is, in answer to the question, that the efficiency would be sapped at once unless you were prepared to give a complete indemnity.

333. (*Mr. Cochrane.*) You think in any arrangement made by the Post Office they should give a complete indemnity to the employer?—Yes, with regard to his statutory and common law liability. Our statements here have been governed by the difficulty we see in dealing, not so much with Compensation Acts, but common law and other statutory liability.

334. The point does not arise. That is your interpretation of the terms of reference. We are guided by our interpretation of the terms of reference. Our interpretation is that it covers all forms of accident?—Then my suggestion falls to the ground.

335. I want to get out, if I can, whether you think that there is any class of small employer who could be better insured by the Post Office than by the existing insurance companies?—(*Mr. A. Vian.*) I know of no class that can be better approached by the Post Office than by insurance companies at present. The technical difficulties are so great that unless you have, as I have said, a specially educated branch of the Post Office to deal with these various points, and these hundreds of occupations, it will be almost hopeless for the Post Office to endeavour to grapple with them.

336. Supposing it were found desirable for the Post Office to undertake any branch of insurance, could you define "small employer"?—No, I should be very sorry to have to do so. The committee of which you have spoken endeavoured to do so by making an employer who employed five men or under a "small employer," and therefore exempt from the operation of proposed legislation; but I do not know that any real attempt has been made, and I should be very sorry to have to do it myself. I think with regard to any legislation it might lead to unfairness.

337. Would you confine him, for example, to a man not paying more than a certain maximum wage?—I could, but the wages differ a good deal. He may pay more at some times than at others. The smaller the person the more uncertain the amount and the greater the variation.

338. Another point was that the Post Office should insure only against accidents that have lasted more than one or two or three months?—I do not think many people would insure on those terms. It would lead to a considerable amount of difficulty, and, I think, of unpleasantness, not to speak of malingering. When a man has been laid up for three or four months at his employer's expense, if the employer can then shunt him on to the over-power, so to speak, by making him lie up for two or three weeks longer, he is very likely to do it. Any limitation of insurance of that sort has a very great disadvantage.

339. That would not apply if the insurance only commenced at the expiration of a month or two months?—If the cover goes back, as in this case unfortunately it does, the same difficulty would arise.

340. One point was that the small employer might be willing to pay the injured workmen's compensation

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for one or two or three months if he could be sure that in the case of fatal accident or very serious injury he could insure with the Post Office to take over the bigger risk that he could not afford?—No doubt it would be possible to devise a system of insurance of that sort, but, speaking for myself, if I may judge by my own experience, persons are not anxious to enter on insurance of that sort. The employer wants the whole of the risk covered so that he may know that he is free from liability.

341. Cases will arise now of domestic servants and shop people, and people of other trades and industries who are not very liable to meet with accident?—Yes.

342. A small employer would not like to have to pay 300*l.* in the case of death, but he might be willing to support the employee for one, two, or three months?—That may be so, but that would be very exceptional, I think.

343. If such a scheme were devised, would it interfere with the business now done by insurance companies?—I think it would interfere very largely.

344. In the evidence given by one of the witnesses before the Departmental Committee, there was a suggestion that where annuities are payable they should be payable through the Post Office. There is one other suggestion I should like to put to you—it is merely a suggestion—and that is whether it would not be possible, in the case where there is a permanent annuity payable by the employer, for the Government to assist by allowing the employer to pay down a lump sum, the Government taking over the payment of the annuity. That would relieve the employer altogether from the trouble of paying the annuity for life. Is there any room for a scheme of that kind?—It may be done, but I think the annuity could be bought more cheaply than through the Post Office.

345. More cheaply through an ordinary insurance company?—Yes, I think so. Every increased cost means increased payment, of course, for the heavily burdened employer.

346. Your attention has been drawn to a Bill which has been introduced by the Board of Trade placing Workmen's Compensation Insurance Associations on the same footing with regard to making a deposit as Life Assurance Associations?—Yes. The association have been in communication with the Home Office thereon. The Home Office have been good enough to adopt some suggestions that the association made, and, further, they are to communicate with us as to certain provisions. I think it a very desirable thing, if such an Act should pass, that there should be inserted in the Bill the provision that any life office having 40,000*l.* in respect of its life funds shall not be required to give that as security as regards accident insurance. It seems to me that the life insurance funds ought to be allocated to the life branch.

347. I am not going into the merits of the Bill, but have you any reason to fear companies with insufficient capital, if there is no provision against it rising up to take the business?—Yes, I think there is reason to fear that.

348. Do you think that the authorities who administer the Act should be able to revise the terms of a common form of policy?—I do not quite follow you, I am afraid.

349. I understand there is to be a common form of policy, issued by the companies?—Yes.

350. Would there be any objection to that being reviewed by any Government Department?—Not at all. We should be very happy to send to you.

351. With the power to check any details?—I think it would be undesirable. (*Mr. Stanley Brown.*) With regard to all the Government authorities that affect our business in any part of the world, I have never known it done.

352. This is what I have in my mind:—Supposing any onerous conditions are imposed on the policy holder, are there to be some means of checking that in the public interest?—(*Mr. A. Vian.*) I think they would be checked by competition.

353. It would not matter to the insurance companies; they would be all on the same footing?—It would be an entirely new departure. (*Mr. Stanley Brown.*) What we are more concerned with is to get proper schedules showing the business.

354. You say, as I understand, that insurance companies will not refuse to insure the aged or the infirm. I suppose they will charge higher premiums?—(*Mr. A. Vian.*) At present there is no arrangement for charging a higher premium. At present the idea is to take everyone *en bloc.* It is one of the risks you have to take. There may be cases where it would be different. A Government contractor, I think it was, made a point of employing the maimed, the halt, and the blind, because he only had to pay them low wages.

355. (*Chairman.*) We cannot deal with the future; the point is the present. Now it is extremely important to get some idea of the number, of people coming under this Act. There must be certain cases where it is extremely difficult to get the numbers as in a place like St. Kilda to which the Act applies. I dare say Mr. Brown will consider that point when he is looking into the figures?—(*Mr. Stanley Brown.*) Certainly, my Lord. (*Mr. E. T. Clifford.*) I, speaking for myself, will go where the Post Office goes.

356. We may find out places where you do not go?—(*Mr. R. J. Paull.*) I should like to know where they are. Where there is a Post Office we are represented. (*Mr. E. T. Clifford.*) The point is whether we will or will not reach the community that the Post Office will reach. I say that we will go where the Post Office goes.

357. Perhaps we shall be able to hear of some curious outlying places not reached?—(*Mr. R. J. Paull.*) There may be one or two.

358. (*Mr. Turpin.*) Can an employer insure a section of his employees, or must he insure the whole?—(*Mr. A. Vian.*) He has been able to do so in the past because the law applied to a section. There is no reason why he should not, though personally I should object to his doing so. I should think there would be something wrong in his endeavouring to do so.

359. He might think that some were not so liable to accident as others?—We should not insure a section. (*Mr. Stanley Brown.*) If a man has different contracts, we have separate policies for different localities.

360. You would not insure for death or total disablement alone?—(*Mr. E. T. Clifford.*) It has been done in the past. I did not agree with my chairman at all with regard to the point raised by Mr. Cochrane. You must allow for a difference of opinion between us. We do a very large business indeed in respect of fatal accidents only; for instance, in collieries. We are quite prepared to extend that. Speaking generally, we should regard it as bad policy on the part of a company to take up the latter end of a case, allowing the employer to watch the men during the earlier days, the Company then taking the case up, because you are saddled with something serious, whereas you cannot watch the case as you should be able to do in the earlier days. (*Mr. R. J. Paull.*) The new Act will include the smaller and the lighter trades; all the heavy trades are embraced by the existing Act, and fear of disaster, such as you have with regard to a colliery, does not apply to those additional trades that will be embraced by the Act.

361. A man having to pay out of his own pocket, if he is a small man, will pay as the rate is only 3*s.* a year. There is not much margin for reduction?—It will cost the Post Office the same with regard to 6*d.* or a shilling as with regard to 3*s.*; therefore the cost is considerably more with regard to the lower rate.

362. The amount in many cases will be very light?—The expense of working will be out of all proportion. The same expense applies to one as to the other. You do not lessen the expense because you lessen your responsibility.

363. You do not agree with insurance then for death or total disablement, only apart from partial disablement?—Apart from collieries, there would not be any demand for it.

364. Do any of the companies give a bonus by way of abatement of premium or otherwise when no claim has been made?—(*Mr. A. Vian.*) Bonus, of course, only means the extraction from somebody's pocket of something he should not have paid. It is returned, and human nature likes to have a return; but if the rates are accurately adjusted there is no room for bonus.

365. (*Mr. Hewby.*) I understood you to say you had a considerable basis of experience which had enabled

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you, or would enable you, to fix the rates for insurance pretty accurately. Would not the conditions of employment of persons who come under the new Act make past experience to some extent inapplicable, the conditions of employment being different from those of the persons hitherto insured?—To a certain extent—yes. Under the old Acts there have been arrangements that where there is machinery employed there is liability, and where there is no machinery then there is no liability. We have a considerable amount of experience of cases where you may fairly reduce the rate. In some cases the analogy is very close indeed. A large number of builders have hitherto been exempt when they have not been engaged on work of a certain height. We have sufficient evidence to go upon to find the rate for them.

366. I am thinking more of domestic servants, and so on, who constitute a considerable part of the persons brought in?—I cannot say that we have experience there. We have had experience of joint policies. I suppose we all have had to do with a certain number of servants, but not with the ordinary domestic servant. We have only had to do with domestic servants in large establishments.

367. (*Mr. Davies.*) I would like to ask Mr. Vian whether he considers that any business of magnitude is to be obtained without canvassing?—No, I do not. I think that any big business can only be obtained by canvassing. People will not volunteer to insure. That has been found, I think, with regard to Post Office insurance. (*Mr. R. J. Paull.*) The great majority of people will not. (*Mr. A. Vian.*) No.

368. You are all agreed that no insurance company, not even the State, as an insurer, could sit still and expect business to flow in?—That is so. (*Mr. R. J. Paull.*) Especially among the small traders. Those are the very people we have to canvass.

369. The insurance companies then do not sit still, but they set out in pursuit of the business?—(*Mr. A. Vian.*) Yes.

370. They pursue the business in the interests of the insurance company?—Quite so.

371. If there were a class of small business lying remote, not particularly worth having and expensive to pursue, one might expect that the insurance companies would not pursue it out of any disinterested desire that the man should be insured. If it were not a paying business they would not pursue it?—If it were a non-paying business they probably would not pursue it, but it is difficult to imagine, nowadays, with the competition that exists among various companies, some companies not desirous of securing the income, small as it might be, that might arise from a particular place, in order to swell its income.

372. You can point to no special class of employer that the insurance companies do not pursue?—No. I think they are uniform in their endeavours. (*Mr. R. J. Paull.*) You probably have received one, if not more, applications to insure your domestic servants—perhaps a very numerous number.

373. Yes?—You may take it broadly that your experience will apply to practically every trader, small or large, throughout the country.

374. Even in the most remote places?—Even in the most remote places.

375. That is canvassing by post?—You cannot call on people in London individually. We have tried it, and they resent it; but what we cannot do in London we shall do in every other part of the kingdom. You cannot very well get agents who will call at a man's house in a big city without an introduction. We have tried it, but it does not answer; but you can do it in the country.

376. I noticed that Mr. Clifford showed a very great desire on the part of his company to secure the agency of the Post Office if the agency of the Post Office were to be had?—(*Mr. E. T. Clifford.*) That is so.

377. Might I ask whether his desire to secure the agency of the Post Office is based on the assumption that Post Office agency would be successful where other agencies failed, or that the arm of the Post Office would cover ground not covered by other agencies?—Both, and therein I differ from Mr. Vian. I think the Post Office officials could very efficiently carry on this work when representing an accident insurance company such as the Law, for one. (*Mr. R. J. Paull.*) What applies to him applies equally to my own company. I cannot be out-competitioned. (*Mr. A. Vian.*) It applies to my own company. (*Mr. R. J. Paull.*) We are all seeking agents. (*Mr. E. T. Clifford.*) I think if the Post Office officials were allowed to represent insurance companies under certain conditions which I have suggested, it would be an advantage to the community at large. I really think so. I do not wish to limit it to my own company. I give my own opinion simply because I have so much to do with the Civil Service now. We have shown what we can do for them.

378. It follows from the answers you have given that though you see no ground for the action of the Post Office as principal in this matter, you count the agency of the Post Office as a very valuable thing to secure?—(*Mr. E. T. Clifford.*) The Law Accident would.

379. And the other offices?—I cannot speak for them. (*Mr. J. R. Paull.*) It simply means that we should be having the benefit of the individual connection of the postmaster, or whoever he might be, or the chief clerk of the Post Office, who, being energetic, might go out and canvass. What applies to one company applies equally to the whole of them. (*Mr. A. Vian.*) Yes, and there would be certain disadvantages unless there were some restrictions. If you were to give sanction generally to your officials undertaking such business, they might undertake an agency for a company whose position was not satisfactory, and it would be unpleasant if by any chance the reputation of the Government or the Post Office were called into question. (*Mr. R. J. Paull.*) If this is taking a really serious turn, I can give you a case which came under my own notice in the country. We had a letter from a certain firm asking us to send a telegram quoting rates of premium. We did. Within half-an-hour the local postmaster called and undercut that rate by 6*d.* per cent. A very remarkable thing was where he got the information from. I only mention that as showing that it is open to abuse.

380. With an agreed rate and a common form of policy it would not come in?

381. (*Chairman.*) You are pointing to the difficulty with regard to having Government servants as agents from a commercial point of view?—Certainly it does lead to abuse.

382. They are agents for other things, such as ordnance maps?—But that is the only thing, and that is practically a Government publication.

383. If you had companies approved by the Post Office that would be a different matter?—I do not think there is the slightest reason for doing what is suggested. Our business is to be got by active canvassing, inducing people to insure. People would not go to the Post Office without canvassing. (*Mr. A. Vian.*) The smaller the employer the less likely is he to insure without canvassing. (*Mr. R. J. Paull.*) They put it off from day to day and month by month.

384. (*Mr. Davies.*) With regard to partial responsibility; if the State insured with regard to total disablement or death, Mr. Vian, I think, said that he thought that it would constitute a serious infringement of the rights of the insurance company, or be unfair competition with the insurance company?—(*Mr. A. Vian.*) I do not think I made that statement, but something of the same sort may have been said by others. I think it would be unfortunate and lead to difficulties if the State were to do the thing partially in that way. I think it would be worse than not doing it at all.

385. Supposing that the State took up partial insurance, would you be afraid of its competition?—It is very difficult to see how far-reaching any new departure of that sort would be, and I think it would lead to some diminution of our business. I am inclined to think it would not lead to very much, but it would lead to some diminution in our business and would trench on the field of private enterprise.

386. Supposing it was proposed to establish a company to undertake partial insurance only, would you take shares in that company?—No, certainly not.

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387. You would not expect it to meet with any success?—No, certainly not.

388. You would not expect a policy covering partial risks only to be a success?—I do not think so at all. (*Mr. R. J. Paull.*) I think the best answer is that it would have been brought out if there had been anything in it. With the exception of collieries there is no demand for it at all. As we have all been in active competition and are anxious to bring out anything that appeals to the general public, I think you may take it that it would have been brought out long since if there had been any general demand for it.

389. Now, when you find that a man is really fit to be at work again, but is malingering, you discontinue the payment, and then it has been said that a lawyer is always to be found to take up the case. Is the action in that case brought against the employer or against the insurance company?—(*Mr. A. Vian.*) Against the employer.

390. The employer actually consults the insurance company with regard to defending it?—Yes. There are necessarily communications between them. The employer must arrange for the attendance of witnesses, and so on. He must know all about it. In fact, his consent is, as it were, necessary. (*Mr. Stanley Brown.*) The right to resist is vested in the name of the insurer.

391. Supposing it was said: "We do not agree with "you or your doctor, and the man should continue to "receive payment." Have you known cases of that sort arise?—(*Mr. A. Vian.*) I do not remember such a case. I have known frequently cases where it has been said: "It is time to discontinue, because the man ought "to be at work." (*Mr. R. J. Paull.*) I do not agree with my chairman upon this. You are bound to get black sheep here and there, but, speaking generally, malingering does not exist to a large extent. It is a very small matter. Some localities are worse than others; but, speaking broadly, I do not think it comes to much. (*Mr. E. T. Clifford.*) My experience is the same on that point. (*Mr. Stanley Brown.*) Yes, and mine. (*Mr. A. Vian.*) The experience of us all is about the same.

392. For whatever reason the insurance company stops payment without the consent of the workman, your experience is that the employer sees eye to eye with the insurance company?—Yes. If the employer was against you it would be useless to try to dispose of the liability.

393. (*Mr. Denman.*) Practically all employers will be invited to insure?—Yes, and more than that, they will be urged to do so.

394. Lord Claud Hamilton, in the speech he made the other day, said his company was declining a certain amount of business that was unprofitable. That would be all rushed after by other companies, I suppose?—(*Mr. Stanley Brown.*) I cannot answer that, because Lord Claud Hamilton is my chairman. (*Mr. A. Vian.*) I feel quite sure that some company will be after it, because the competition is so very keen. One company may be able to make a thing pay that another company could not make pay.

395. At the same premium?—No, at a different premium probably.

396. One tariff rate being agreed, one company will decline a risk at a certain premium and another company will take it up and make it pay?—No, pardon me; I take it that there will be information supplied, as in the case of fire, that a certain group of risks are unprofitable, and, as a trading concern, the rate will have to go up. (*Mr. Stanley Brown.*) The business to which Lord Claud Hamilton referred was not then in a tariff.

397. Did he refer to the small employer, or to a particular class of trade?—(*Mr. Stanley Brown.*) I could not say.

398. The companies would take care that the business was profitable to them. They would put up rates?—(*Mr. R. J. Paull.*) They certainly would not take up business that they knew would not pay; it would be foolish.

399. Under the new Act the employer who insures will really be much more in the hands of the companies than under the old Act, because, as a whole, industries were centralised before. They could always fall back upon mutual companies of their own. As a general rule where they are scattered, the employer will have no option but to accept the tariff rate?—(*Mr. A. Vian.*) I would not like to go as far as that.

400. I suppose that your agents in scattered districts are paid by commission as a general rule?—Yes.

401. They are not expert in the problems of workmen's compensation or in insurance law?—They have nothing to do with law. They necessarily become by practice experts in rates—that is to say, saying that such and such an occupation should be classed as so and so—that it comes under such and such a heading or division, and so on.

402. The amount of technical knowledge is comparatively small?—It is not large, but it is rather an intricate question, considering the number of classifications, as I have already said.

403. They act as feeders to the central department, which really fixes the premiums and supplies all the skilled knowledge?—Yes.

404. I was much struck by the enthusiasm for securing the Post Office organisation. It implied a certain discontent with the present organisation, did it not? What advantage does the Post Office organisation present?—Really I do not know. It seemed to me that Mr. Clifford was giving an advertisement of his own company, that the Association, if I may say so, has nothing to do with. It is obvious that any system such as this, to which people may go as a distributing agent, is excellent, not only for our own industry but for other industries.

405. Mr. Clifford then is not satisfied with the present organisation?—(*Mr. Clifford.*) I do not consider any organisation of this nature is perfect. The Post Office gives a wider field than is possessed by any company, or by companies as a whole. We have about 15,000 agents throughout the kingdom, and if it is possible to extend that agency to the Post Office we should be very glad to do so?—(*Mr. Stanley Brown.*) I do not think it, as Mr. Clifford's statement should be taken that the Post Office supplies a better organisation than the present companies supply. (*Mr. E. T. Clifford.*) The introduction of the Post Office organisation supplies a wide field; that is what I said, and I made no comparison, and I did not intend to. It is an additional field; that is what I meant.

406. Do you think it would be cheaper with regard to expenses of commission?—No, we should pay the same exactly.

407. You think it would provide a very much wider field, do you?—It would be an added organisation to our present organisation.

408. You are talking not only of your company but of companies as a whole?—I think every company would be glad to get hold of the Post Office as an agency.

409. Do you think it could conduct this business standing alone?—If it stands alone there would be very little advantage to the community or itself.

410. What reason have you for supposing that particular companies can make better use of this organisation than the Post Office itself?—The Post Office officials would alone be quite unable to meet the public needs.

411. And yet these same people would be able to meet the needs of the companies?—Not alone. With our present organisation it would be adequate.

412. In the same village you want, not only the Post Office organisation, but your own?—It would depend entirely—— (*Mr. A. Vian.*) It may be assumed that Mr. Clifford, like all of us, would be glad to add to our existing staff of agents any additional opportunity for extending our business.

413. (*Chairman.*) To take an example—to get an idea of what agents are, are the railway booking clerks agents for all the companies, or only for one?—(*Mr. A. Vian.*) Some are agents for the "Ocean," but, as a rule, they are agents only for the Railway Passengers Company, because they are engaged mainly in issuing those insurance tickets. It is a very small branch of the business and a very small source of income. It has been going on for a long time now. There is a certain

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connection resulting from it, but, as a rule, very few of them issue such insurance.

414. They are not agents for all the companies as a rule, but for only one company?—Yes, as a rule, for only one company.

415. (*Mr. Denman.*) Am I to understand that there is a difficulty in finding agents in remote places in the country?—Not as a rule, in fact the more remote the more likely are people to be interested in the prospectuses with which they are supplied.

416. I do not understand the enthusiasm unless the Post Office organisation can supply advantages which the Post Office itself could use?—I am not aware of any enthusiasm except Mr. Clifford's. (*Mr. R. J. Paull.*) If you were the general manager of a large railway company and came to me and said: "Our stationmasters "are at your disposal as agents throughout the service," I should embrace that with enthusiasm. That will not provide greater facilities. That one would have greater facilities than another would not be the case. It is simply a question of extending one's sphere, nothing more. (*Mr. Stanley Brown.*) Mr. Clifford said he would be very glad to have the Post Office as his agent. We raised our voices and said that if there was a good thing going like that we would be glad to make the best of it. If I made a bargain with the Postmaster-General with regard to the organisation, the very first thing I would ask would be: "Could you let them go outside the office and canvass?" If not, they would not be much good, and we should have to appoint our own agents. (*Mr. E. T. Clifford.*) I would take them without any such condition.

417. (*Mr. Denman.*) I think that I have ascertained what is really regarded as the value of the Post Office as an agent. With regard to premiums, do you differentiate much between different employers?—As a rule, not.

418. You take them in classes?—(*Mr. A. Vian.*) You have to take them as classes.

419. That was so under the 1897 Act and under the Act of 1900?—Yes.

420. You think that under this Act it will be the same?—I think that most grocers will be charged the same just as most farmers will be charged the same.

421. I see in the evidence given before the Committee of 1904, that the rates for builders are given as from 12*s.* 6*d.* upwards by one company and from 10*s.* to 20*s.* by another company. In answer, however, to a question by Mr. Cochrane, 7*s.* was mentioned as a rate for small builders?—(*Mr. R. J. Paull.*) The small builder, in the case which I imagine is put, would be a man who would not come within the existing Act. There is no liability. I am speaking of the Act as it exists to-day. That is why I mention it.

422. Mr. Cochrane was referring to the class of builders who would come within the Act? (*Mr. Cochrane.*) 25 per cent. I am assuming that the 25 per cent. of small builders would be those builders who do not come under the existing Act, but who will come in after the 1st of July.

423. (*Mr. Denman.*) I want to know to what extent you will treat each case on its merits as it comes before you?—The whole condition of affairs with regard to builders will be altered by the new Act. There is not that limitation.

424. Generally speaking, are you able to say that a small builder in one village has a risk equal to that of a small builder in another village?—Certainly, when you qualify it in that way. Speaking from memory I think we have divided the builders according to our experience into seven groups according to the class of work they undertake, the size, and so on. That is all based on actual experience.

425. In fixing the premium do you not consider differences in individual workshops, or regard some as more dangerous than others?—It would be so in some particular trades, and it would very quickly become known that there was an undesirable risk, but those are very exceptional cases.

426. It is possible to treat them as classes?—Quite so. (*Mr. A. Vian.*) I have already mentioned engineers. When you have these classifications you require skilled knowledge on the part of your agents to enable them to deal with these classes to show under what heading they should go.

427. But you will not have skilled agents in outlying districts, perhaps?—(*Mr. Stanley Brown.*) There is not one claim that is ever like another, and that is where we want absolutely skilled people to deal with them, and you would never get that out of your Post Office officials.

428. For dealing with the claims, you would probably have skilled persons at headquarters?—We have doctors, and so on.

429. They would be the same as those dealing with agencies?—No.

430. Then I must again express surprise at the enthusiasm about the Post Office?—The agents are under superintendence.

(Adjourned for a short time.)

431. (*Mr. Denman.*) I think that this particular branch of the subject is worth examining rather closely, because there are various possible schemes before us for the utilisation of the Post Office in the conduct of workmen's compensation insurance. I want to find out what kind of use could be made of Post Office officials, either by the Post Office itself or by companies. I want to know something about how your agencies are conducted, and what sort of advantage the Post Office would be to you. Your agents at present perform the whole functions of conducting negotiations with the employer, in arranging premiums or in settling claims?—(*Mr. R. J. Paull.*) Yes.

432. And Post Office officials under the postmaster would not, in your opinion, be competent to deal with claims?—That is so.

433. Under the new arrangements, I suppose that you have extended your agencies very largely to meet this Act?—No, not to any very great extent.

434. Do you think that your agents are sufficiently skilled to perform all the functions that are necessary?—Yes. It means a large addition to our permanent staff.

435. Would your permanent staff go to the assistance of the agent in a difficult case?—No doubt, both in regard to the securing of business, and more particularly in regard to the settlement of claims.

436. Generally speaking, for securing business even a telegraph messenger would help? — Certainly not. I think that he would do quite the reverse.

437. You want a certain amount of skill?—Undoubtedly. We would not think of employing a telegraph messenger.

438. Do you think that a sub-postmaster would do?—Merely for the introduction.

439. Because he would be a person connected with the State, and respectable?—I do not look at it in that way at all; but he might know the individual personally. Insurance, after all, is largely a matter of personal influence. Your connection depends upon the influence which your agents possess. If they have influence with people for one reason or another, they will secure business.

440. A local postal official you would regard as a person likely to have these personal connections?—So far as it extends, and only so far.

441. So that he would not replace any organisation that you have now?—No.

442. He would only be an addition?—That is so. Our experience, broadly, is that people will not go to insure. They have to be sought out, and it is the man who possesses influence with a particular insurer who brings business along. If I may put it so, if we were to rely upon people going to the Post Office, or any other central body, I think that the amount of business that we might expect would be very small, always accepting that that was the only source from which business might come.

443. You would be prepared to consider it as the only source in outlying places?—Those outlying places would have to be placed where there is a very very limited population.

444. I must recall to you the phrase "if there is a good thing going"?—Quite so. It is merely as an

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Mr. A. Vian, Mr. S. Stanley Brown. Mr. R. J. Paull, and Mr. E. T. Clifford.

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adjunct—an extension of our connection—that is all. It would be the same as if a railway company, as I said, placed the station masters at our disposal. We know that station masters come into contact with the general public, and therefore have opportunities of talking about insurance; and I venture to think to a greater extent than the Post Office official does.

445. Would you make them responsible for work in connection with the settlement of claims?—It is entirely a matter of arrangement. Our agents at the present time are at our disposal, to make such use of as we require for making inquiries, and so on. If it comes to technical knowledge, we have to send one of our own paid officials.

446. Have you at present many paid officials at headquarters like York, and that sort of place?—Yes, and everywhere.

447. You have responsible people there?—Yes. Speaking of my own company, we divide the whole of the kingdom into districts, which we place under what we call a resident secretary.

448. How many districts have you in England for that purpose?—At the present time I suppose we have 30 or 40. Those are again sub-divided, and we place the sub-division in charge of a superintendent.

449. Have you considered the federation of various companies for the purpose of organisation. When you have a tariff, will one agent represent several companies?—No.

450. You have your separate agents throughout?—Certainly.

451. There is an obvious reason economically for federation, is there not?—Yes, but not practically. (*Mr. Stanley Brown.*) So long as they are paid by commission it is not a waste. (*Mr. R. J. Paull.*) All our sub-agents are paid by commission.

452. Your sub-agents would be people in a small way of business, to whom this would be a slight additional income, would they not?—It is a question of degree, entirely. A great number of bank managers and bank cashiers, and estate agents and solicitors, and so on, act as agents.

453. I was informed the other day that the only effective agents to secure the insurance of farmers were agents who were actually themselves farmers?—Oh, dear no. A large number of farmers will insure through the local bank manager. A farmer is in the habit of going on market days and transacting his banking business through him.

454. It is worth your while, just to secure these farmers, to have such agents?—Yes, the same as with all the other companies. We deal not only with workmen's compensation in regard to the farmer, but the farmer insures himself against personal accident, and his sons are also insured. We do not depend on one class of business only. If we depended on workmen's compensation business from farmers alone the rate of premium would have to be very much higher than it is. As an adjunct to other business we can afford to do it at the rate at which we do, but we could not afford to do it at that rate if it were not for other classes of business.

455. The form in which you would employ postal officials, if any arrangements of that kind were made, would be just a matter of negotiation. You cannot say offhand of how much use it would be or what the duties would be?—I take it that they would be more or less receivers, to take whatever was handed to them. I take it that it would scarcely be consistent with their duties to go out and canvass for business.

456. (*Chairman.*) They would be valuable, we have been told, for the introduction of business. Do you agree with that?—That is speaking of the agency question generally.

457. (*Mr. Denman.*) To turn to the question of premiums, is there a tendency for the expenses ratio to increase? I have your evidence before the Committee of 1904, where you gave the expenses ratio as 37·77 per cent., and you said that it was increasing?—Yes.

458. Do you find that that is still the case?—No, I do not know that there is any considerable increase of latter years. The increase is largely occasioned in connection with the settlement of claims.

459. Owing to litigation, and that sort of thing?—Yes, to a large extent.

460. You do not expect that the expenses of including these small employers will be heavier than the expenses have hitherto been?—The expense of working a small class of business, speaking generally, is of necessity larger than the expense of working a business where the individual premium is heavy.

461. For that reason you are bound to have minimum premiums?—Yes.

462. That, I suppose, will be universally the case with small employers—that there will be a minimum premium of say 5*s.* or 10*s.*?—I cannot commit myself to the actual premium, but there will be a minimum premium, because below that the expense of writing a policy will be too great. The expense of writing a policy where the premium is 1,000*l.* is just the same as the expense of writing a policy where the premium is only 5*s.* The same process has to be gone through and the same permanent staff has to be employed.

463. A more economical organisation could take a lower premium?—I do not think you could have a more economical organisation. It is not a question of the organisation at all. I am speaking of the internal cost.

464. You cannot give a rough outline, I suppose, of the loading of the premium, and how it is built up, and what percentage you expect to cover the risk, and what percentage to cover the expenses and profits?—No, I do not think you can very well do that.

465. If you could get hold of business more cheaply, it is obvious that there would be lower premiums?—If you could get the whole of the business direct at your door you could do it at less cost, but I do not think you could. The actual procuring of the business is not the great expense; the great expense comes in, however you get the business, in regard to settlement. That expense must be always the same.

466. The expenses ratio of 37·77 per cent., which is over one-third of the premium, excludes claims entirely?—No, not the expense attendant on claims, which is a very material point. It includes all medical expenses and so on.

467. You cannot give me separate figures?—It is impossible. They are all part and parcel of the general working. The whole of the expenses in connection with the settlement of a claim have naturally to be met.

468. But surely in your accounting you keep your doctors' fees separate from the actual cash value of the claim?—Yes, but they are all part and parcel of the expenses of working.

469. Surely you must have those figures separately?—I perhaps do not follow your question.

470. I want to know the relative expense of conducting the business, apart from the actual cost of the claim?—We cannot keep them absolutely. Where you work a business as an adjunct to other classes of business, as I explained just now, your inspector is sent down to a certain district, and he may have a dozen claims to deal with, and at the same time he may have half a dozen claims of an entirely different class with which he has to deal, all appertaining to the general business of the company. Therefore you cannot say how much of his time is taken up by workmen's compensation claims, and how much of the expense can be allocated to those particular claims. That is all part of the whole.

471. It is conceivable, on those grounds, that a sub-postmaster might, in the course of his official duties, be able to conduct an agency more cheaply than other agents can?—I think not. The sub-postmaster would only take the place of our ordinary agent at the present time, and the other expenses would be exactly the same in the one case as in the other.

472. That would be rather a matter for Post Office organisation?—I do not think so. The commission which we pay to our ordinary agents at the present time would have to be paid in the other case too.

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473. An organisation that had doctors in every locality under its control at fixed rates might be able to perform a good many functions in a cheaper way?—That depends upon whether you could make arrangements with medical men at a lower rate than we do at the present time. We have arrangements with doctors now all over the kingdom for fixed rates.

474. (*Chairman.*) When you say "all over the Kingdom" do you include Ireland?—Yes, Ireland—the United Kingdom.

475. I beg your pardon, I thought that you did not include Ireland?—We have branches at Belfast, Dublin and Cork.

476. (*Mr. Denman.*) Now, I am going to a totally different point. You can no doubt, invest your premiums at more profitable rates than a Government Department could?—Possibly. I am not familiar with the powers of the Government. I do not know to what they are restricted; but I assume that we can invest our premiums at a higher rate. Our average rate of interest is somewhere about 4 per cent.

477. The Government, of course, is not able to get anything like so much for its money. I suppose that you roughly calculate on getting that interest on about 50 per cent. of your annual premiums?—As I said just now, we are not dealing with one class of business only. We have business all over the world. We have business in all the Colonies and in America and in Canada.

478. In all accident insurance you can roughly expect to have the premium in hand for six months, can you not?—Less your expenses.

479. Less those expenses which have to be paid in advance?—Yes.

480. There are expenses of management and expenses of commission, and so on?—Yes, commission is paid straight away.

481. Turning to the point of the insurance of infirm workmen, have the habits of insurance companies changed since 1904 in regard to that matter?—I do not know that they have.

482. Have those of your own company?—With regard to our own company, we have, of course, learnt to a certain extent by experience.

483. I will ask Mr. Vian whether his methods have altered in regard to accepting the insurance of infirm persons?—(*Mr. A. Vian.*) No, they are the same.

484. The evidence before the Committee in 1904 was very definite to the effect that companies would not accept infirm workmen. One witness talks of the "absolute refusal on the part of some insurance com-"panies to accept any risk under any conditions "whatever for men who have been maimed by the "loss of a leg, an arm, or an eye"?—(*Mr. R. J. Paull.*) He certainly was not speaking for the general body of insurance companies.

485. There is a case in which a man said that "if he "paid cent. per cent. the insurance company would not "accept any risk." If a man had lost his leg, for instance, the insurance companies refused to be liable any longer for any compensation if the man was kept in the employment. There are a number of such cases?—There are very few of such cases I should say.

486. There are a number in this evidence?—It surprises me. It is not our practice. (*Mr. A. Vian.*) It is not our practice generally. I cannot speak for all companies. If the only employee is a one-armed or a one-legged man engaged in a dangerous occupation the company would naturally object. (*Mr. Stanley Brown.*) Sometimes it is part of the bargain with the injured man that he should be taken back, but some employers refuse to do it.

487. (*Chairman.*) May I interpose a question here? I understood that the blanket policy, as I will call it, was practically intended to cover all the cases?—(*Mr. A. Vian.*) That is the idea. (*Mr. R. J. Paull.*) Certainly. (*Mr. A. Vian.*) We are now proposing to issue a policy on those lines. (*Mr. Stanley Brown.*) We do not make any exclusion. We have not been in the habit of doing so for many years. We should take a number of workmen, up to 200, say, without inquiring at all if there were any maimed workmen, but in a particular case it would be different.

488. May I ask a question on a concrete case? I have an association in my county which deals with blind workmen. Do you consider that an association of that sort would not be able to take out one of your ordinary policies?—(*Mr. Paull.*) We should have to make special terms at once?—(*Mr. A. Vian.*) Yes.

489. (*Mr. Denman.*) You would regard them as special cases, and would issue policies at special premiums?—Yes.

490. If there were any organisation other than ordinary companies for conducting such insurances, you would not be sorry to leave such cases to that organisation?—No, we should not.

491. In fact there is a certain amount of bad business that you would not at all mind seeing shovelled into a Government organisation?—A very large quantity. (*Mr. A. Vian.*) I would not say a large quantity. It is a small proportion when you take the whole business of the country. People do not, as a fact, employ the lame or the maimed for the sake of their own business, but occasionally a man is injured in employment and there is naturally a feeling, if the employer be a charitable person, that he will go on with that man if he can. Where that sort of case is fairly averaged over the whole number no question will be raised, and none has been raised, but it is certainly unfair to charge an employer of sound men the same premium as you charge the employer of unsound men.

492. Coming to the question of claims, trade unions have frequently asserted that companies do not pay anything like their legal liability in settling claims; more especially in the case of small and unorganised workmen. Do you think that that is so?—(*Mr. R. J. Paull.*) I should say certainly not. (*Mr. A. Vian.*) I should say that it is distinctly untrue.

493. It has been said that insurance companies in settling the claims made upon them trade upon the ignorance of workmen and their inability to prosecute their claims; that "their agents seek out the man when "he is in hospital and suffering from the first shock of "an accident with a view to securing a settlement for "the smallest possible sum." That is the evidence from the Amalgamated Society of Mill Sawyers?—(*Mr. R. J. Paull.*) I should imagine that that gentleman was drawing upon his imagination.

494. "In one typical case 5*l.* was offered to one "of our members, although the injury was of such a "nature that he could not bend the fingers of his "right hand 18 months after the accident." I take it that the witness had other examples. A county court judge says that "in small claims the conduct of the case "is entrusted to a local gentleman whose sole considera-"tion is to make a good bargain for the company, and "applicants are induced by every means, proper and "improper, to accept the smallest possible sum. I "have myself had several cases of this kind, and in one "notably, the agent of a large and well-known insur-"ance company induced a man to sign a receipt for a "trifling sum in full satisfaction of all demands when "the man was actually lying in bed with a fractured "leg, and was in fact incapacitated for three months "after that date." That is the judge's experience of a number of cases that came before him?—(*Mr. Stanley Brown.*) That does not say what the compensation was. (*Mr. A. Vian.*) He does not suggest that they did not pay their legal liability. The insurance company's duty is to protect the employer and discharge any legal liability that may fall on the employer.

495. It does not say that the legal liability was not discharged?—If a case like that came before the county court judge, I presume that the judge would set the settlement aside.

496. Assuming that cases come before him which he finds it necessary to set aside, it is fair to infer from that that a number of cases which should be set aside do not come before him, is it not?—(*Mr. Stanley Brown.*) It is absolutely inconclusive. The amount paid might be looked upon by some judges as very small, and by others as very sufficient.

497. Have your agents any interest in settling the maximum or minimum amount of the claim?—(*Mr. R.*

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J. Paull.) None whatever. The agent has no interest whatever in the settlement of the claim.

498. Do you regard with favour a person who settles economically?—No; it would in no way benefit the agent. He has no pecuniary advantage from settlement. (*Mr. A. Vian.*) We may take it the other way: the agent, living in the neighbourhood of an injured man, would be more disposed to be liberal. (*Mr. R. J. Paull.*) If there is any bias it is in that direction.

499. I take it that companies discharge their liabilities as economically as they can?—Certainly. It is their duty to their shareholders.

500. I suppose it has sometimes occurred that they have paid less than their legal liabilities?—I should say not.

501. When these cases are taken into court, does not the judge almost always award very much more than was originally offered?—I could give you reverse cases.

502. I am talking of normal cases, of permanent disablement, for instance?—(*Mr. Stanley Brown.*) Quite so. But remember that the views of various county court judges differ absolutely as to what is a sufficient or an insufficient amount.

503. The companies' views have been more favourable to their shareholders than the judge's views, no doubt?—(*Mr. A. Vian.*) I do not think so. I disclaim that altogether on behalf of the companies. We pay upon evidence of disablement so long as disablement exists. When it stops and the case is taken into court, there is nothing in law or in practice at all to make the workman incompetent to make a bargain. (*Mr. R. J. Paull.*) Under the existing Act there is no rule as to what amount can be accepted or should be offered by way of compromise to workmen. As has been said before, the views of county court judges themselves differ most widely on the point. One judge will consider that half should be given of what another judge considers should be given. There is no standard to go upon.

504. (*Chairman.*) Is there not a statement of what the actual number of cases taken into court has been and the amount of the award. There is a Government Report, I think. It is only facts that we wish to go upon?—The cases taken into court would be infinitesimal. (*Mr. A. Vian.*) There is another side to the question. You get ten cases taken into court in which it is stated that the employer, whom we indemnify, has not paid enough, but there are 50 or even 100 cases settled by the employer where, if they had gone into court, the judge would have said that too much had been paid. The returns deal with only the minority of the cases. The large majority of cases are settled without resort to the county court judge.

505. (*Mr. Denman.*) How do you account for the increasing cost per claim?—(*Mr. R. J. Paull.*) That is largely accounted for by the fact of progress in the art of claiming.

506. Do you mean by that that workmen are more conscious of their rights?—No; I do not say that altogether.

507. Mr. Stanley Brown, before the Committee of 1904, said that the cost of commutation was constantly going up, owing, amongst other things, to the fact that people know a great deal more about it?—(*Mr. Stanley Brown.*) That is my opinion still.

508. That is to say that knowledge on the part of workmen increases the amount that companies have to pay?—But it does not increase the amount that companies ought to pay.

509. It seems to imply that there is a difference between what companies do pay and what they ought to pay?—Yes; but you do not know which way it runs. It is not possible for you or any other man to say which way it runs.

510. On the other hand, if the companies had in the past been over liberal claims would have shown a tendency to lessen. As a fact, they are tending to go up?—(*Mr. R. J. Paull.*) If you take the experience of Germany you will find that the claim cost went up year after year for a period of eight years, if I recollect rightly, so that the same thing applies there. Whatever the cause may be, the actual cost has increased and the period of disablement per claim has increased. It is not that we were wishing to pay less before, but the demand has increased year by year, and we have had to pay more.

511. I take it that under the new Act there will be much less chance of difference between what the Company ought to pay and what it actually does pay. Section 17 pins them down to 75 per cent.?—Yes, that is so. (*Mr. Stanley Brown.*) It is 75 per cent. of the compensation payable at the time of the commutation. It does not fix the amount of the commutation in any sense.

512. No one knew what it ought to be, and, as you say, the opinions of different judges vary?—There are two things that vary with regard to making up the value of the claim: one is the amount of compensation payable at the time of commutation—a full half or a quarter or three-eighths of the wages. The Act says that you must buy an annuity of 75 per cent. of whatever the amount may be. Whether it is 25 per cent. or 40 per cent. or 80 per cent. remains uncertain to this moment and always will.

513. If the Post Office took this up, perhaps it would not be possible for the department ever to pay any claim at all below the legal liability?—(*Mr. A. Vian.*) I think that that is so. A department would naturally go to the extreme.

514. Do you not, therefore, think that from the point of view of workmen a scheme of Post Office employers' liability insurance would be advantageous?—No, of course, I do not. Do you think for a moment that men should be made pensioners when they need not, or that they should have 10*s.* a week when 5*s.* a week would meet the case? I think that it would be a very bad thing for the workmen and for the country too, with the necessary result that the employer would be burdened more than he is now.

515. I am looking at it from the point of view of the workmen and not of the State?—(*Mr. Stanley Brown.*) It is demoralising to the workmen. (*Mr. A. Vian.*) The employer would not go to the Post Office if a heavier premium were levied. (*Mr. Stanley Brown.*) If the companies can use their money and get a higher rate of interest than the Post Office, the Post Office will have to charge a higher rate of premium to meet that.

516. I want to be clear as to the position which insurance companies really occupy under the Act. They have no legal relation to the workmen?—I do not follow.

517. As a fact, it is the employer and the workmen who come into contact with one another?—Yes, except in the case of bankruptcy which has been mentioned; otherwise it is as you say.

518. You think that an insurance organisation that sought to keep clear of the legal difficulties of the Act and left litigation to the employer would receive no insurance?—I should say he would not. (*Mr. R. J. Paull.*) If we insure a person he naturally wants to be relieved, not only of all responsibility, but of all bother in connection with an action. (*Mr. A. Vian.*) When the employer pays the premium he expects to have the whole trouble taken out of his hands.

519. The companies undertake registration of agreements?—They undertake everything.

520. If the Post Office undertook the work they would be expected to do that too?—Yes.

521. (*Mr. Davies.*) It was said that it would be hopeless for the Post Office to deal with liability insurance unless they established a special branch for the purpose. You are aware that the Post Office has a very limited system of life insurance?—Yes.

522. Up to 100*l.* We have a branch dealing with that, and we have some little life insurance experience, but we are quite ignorant in respect of liability insurance. I would like to know whether, in your opinion, liability insurance is an easier or more difficult subject than life insurance?—(*Mr. R. J. Paull.*) Far more difficult. (*Mr. A. Vian.*) Certainly. (*Mr. R. J. Paull.*) One is child's play compared with the other.

523. That difficulty arises to some extent from the unwarranted claims put forward?—(*Mr. A. Vian.*) No, not at all. As has already been explained, the

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unwarranted claims are very few, but they do arise at times. The difficulty will be in the machinery. The companies embark many millions in this business, and they have very elaborate machinery for checking the payments as they come in, and seeing how the claims accrue and when payment is due and so on. That machinery already exists. In order that the Post Office may embark on this business it will be necessary for them to have an organisation similar to that which already exists among the companies who are doing the business.

524. It is a business in which you become wise by experience in a greater proportion than you do in life insurance business?—I do not know, but as it covers a wider field, as it deals with many more factors, it is a business more difficult to learn than life insurance, and the ramifications are so great in different directions that I do not think it can be compared with life insurance in that respect. Life insurance is comparatively simple, and this is the reverse of simple. Besides there are the legal questions that from time arises, as no doubt you have observed from the papers with regard to the construction of the Workmen's Compensation Act.

525. Precisely. It is clearly more complicated than life insurance with regard to actual claims, but is it not less complicated than life insurance with regard to the disposition of funds? Your premiums for life insurance must rest very largely, first of all, on your cost of management, but mainly I take it on the rate of interest you can obtain from your invested funds?—Mainly, I should say, upon the actual cost. The other things are only small factors as compared with the net cost of life insurance. That is the most important feature. Then after that comes in the question of the rate of interest you can get for your funds.

526. With regard to the premiums charged for liability insurance, does the rate of interest you can get on your invested funds enter largely into your calculations?—Not at all.

527. From a purely investment standpoint, liability insurance is a simple matter?—Yes.

528. Ignoring the complications in connection with claims?—Quite so.

529. Speaking broadly, you lay your plans so that the income from premiums shall meet all expenditure for claims and management and leave something for the shareholders?—Quite so.

530. So that if the State took up liability insurance it would not be handicapped, as it is in life assurance, by being obliged to invest its money less advantageously than outside companies?—Yes it would. (*Mr. Stanley Brown.*) With regard to the annuities it would be. The difference is that in life business the company is under an obligation, and I take it the Post Office would be under an obligation to have a very strong regard for the funds accumulated and the investment of them, which are for the greater part premiums. We have an obligation to our insurers; we make profit out of premiums invested.

531. When all allowance is made any profit you can get goes into the pocket of the shareholders. Profit from investment is a secondary and not a primary consideration?—It would be with you; it is not with us.

532. You are asserting that the Post Office or the State is at a clear disadvantage in the matter of life insurance, because it cannot get 4 per cent. on Government securities, but it would not be at the same disadvantage in liability insurance because investment is a secondary matter. There is no compulsion to make a profit?—(*Mr. A. Vian.*) The company pay to the shareholders a dividend proportionate to the amount they have received from the interest on their invested funds. The margin, therefore, is a small matter. (*Mr. E. T. Clifford.*) If it is a question of premium, the Post Office will have to charge a larger premium when it knows that it can only purchase annuities at a greater cost than insurance companies can; so that the question of interest on funds comes back again to the premium.

533. I think that I see how far it comes back?—(*Mr. A. Vian.*) It is in view of the increased responsibilities thrown by that clause with regard to the purchase of annuities that a very important factor has to be reckoned with in the loading of premiums.

534. As regards annuities you know, no doubt, that the State does over 60 per cent. of the total annuity business of the country?—(*Mr. E. T. Clifford.*) Yes, but there is free election there; the public can come and choose. When you are forced to provide 1,200*l.* against an insurance company's 1,000*l.* to meet a given annuity, that must be taken into consideration in Post Office insurance when calculating the rates.

535. But to a very much less extent than in the matter of life insurance?—I would not go as far as that. It is a matter of interest. We are face to face with a very much more serious state of affairs than we had to face in this question.

536. Existing companies naturally deprecate State competition in the matter of liability insurance. I want to put a question arising out of that. I thought I might assume, from what we have heard to-day, that they deprecate it.

537. (*Chairman.*) Mr. Clifford said it was unimportant whether the Government do or do not enter into it?—I think it would not matter much. I think it unimportant, and besides I would put it on a wider basis—the more insurance competition there is, the better for all.

538. (*Mr. Davies.*) With regard to indifference as to whether the Post Office embarks on the insurance, or with regard to the question whether it should embark on it or not, I imagine that if you four gentlemen had to decide whether the State should take up liability insurance or not you would advise that it should not?—Yes, in the interests of the public. (*Mr. R. J. Paull.*) Naturally. It can recoup itself out of taxes, and we cannot, and it might fix rates on that basis. If it makes a loss it does not matter. (*Mr. A. Vian.*) The unfortunate taxpayer has to pay.

539. The Government having the interest of the public equally at heart, might think that they could offer some advantages?—(*Mr. R. J. Paull.*) Exactly; that is what we should fear.

540. If the Government not thinking of shareholders——?—(*Mr. A. Vian.*) Nor taxpayers.

541. But simply dealing with the matter with a desire to make the business self-supporting and no more, were to embark upon the business, and were to fix rates of premium simply calculated broadly to make the year's income meet the year's liability, the Government would be a serious competitor?—(*Mr. R. J. Paull.*) If they could do it, but I do not think they could. (*Mr. A. Vian.*) If they put it on the principle of making the year's income meet the year's expenditure it would be a very difficult thing to do.—(*Mr. Stanley Brown.*) We are not minimising the competition of the Government at all.

542. (*Mr. Denman.*) Do you think companies are likely to continue to be satisfied with so small a margin of profit as you mention—2½ per cent.?—(*Mr. Stanley Brown.*) Yes; that would certainly be kept down by the competition that we have amongst ourselves, as was elaborated in early conversation.

543. The percentage of premium income of both claims and expenses in figures which I have of the Employers' Liability Corporation were in four years from 1901, 93 per cent., 88 per cent., 87½ and 91 per cent. The profits there are appreciably over 2½ per cent.?—(*Mr. Stanley Brown.*) You have not before you all that was taken into account. In those four years with regard to my company I may tell you that the premium income grew very largely, and in duty bound I had to keep an amount in reserve, 40 per cent., which would go far to do away with it. If you test that statement I think you will find that the premium income runs up very materially in those years. In those years I put away 40 per cent. In other words, when I have paid my expenses, my first year's losses and reserve, I have not much more than 30 per cent. to pay 40 per cent. loss on the new business.

544. The Railway Passengers, on the other hand, who, in the same years had only slight increases, had percentages of 80, 82, 81, and 81. They had a much less remarkable growth of premium?—(*Mr. A. Vian.*) Quite so. It is almost entirely confined to this country, and although it has been growing, our liability business is not the largest portion by any means of our business.

545. Fire companies are accustomed to between 10 and 25 per cent., it is said?—(*Mr. Stanley Brown.*) If you take San Francisco and Chicago, where there has

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been great disasters, you will find many of them saying they have not made any profit in the last ten years. (*Mr. A. Vian.*) The extraordinary thing about it is that a company largely depends not on the turnover of the business, or the profit in any one year, but upon its accumulated reserves, and it is owing to those reserves that fire companies, and other companies in a lesser degree, have been able to do so well.

546. You think that fire companies would come in if they thought that 2½ per cent. is about the average profit they would make?—(*Mr. Stanley Brown.*) I do not know. Take, for instance, a company like the Royal. I cannot remember their figures very well, but their share is at something like 30*l.*, and yet the interest paid is 4 per cent. on the 30*l.* out of accumulation. Many companies are paying interest entirely out of their accumulated funds, as Mr. Vian has said. In other words, it does not matter to a fire company whether it makes a profit in a particular year or not.

547. (*Chairman.*) You say that it goes into the business, not for the sake of the 2½ per cent. but for the sake of increasing its business in future years. It is not going to be out of it?—The company that I have mentioned once or twice already, which has two-thirds of the farmers' insurance, goes into the business in order that it may in connection with that business, preserving that business intact, issue also the liability policy. If they do not come to some understanding like that, we can go in two or three together and cut down their profit absolutely out of sight with regard to their fire rates. They wish to preserve their large fire interests.

548. (*Mr. Davies.*) It is freely accepted that the Government would be in a much worse position for settling unfair claims than a company on which no pressure can be brought to bear by questions in Parliament, and so on?—(*Mr. A. Vian.*) There would be pressure brought to bear in the case of all ordinary claims.

549. Do you think it would be prejudiced with regard to fair and unfair claims?—Yes. (*Mr. E. T. Clifford.*) The interpretation of the Act will have to be brought out in the courts.

550. For some time to come you think that will be so?—Yes.

551. During that time, you think a Government Department will be less able to make the stand that it ought to make than an insurance company?—Yes, I think so.

552. If the Government were to embark on liability insurance business and were to accept the same premiums as the associated companies, it is probable that a knowledge of its difficulties in this direction and of its undoubted stability would lead a great many people to insure with the Government in preference to companies?—No, I do not think so; I do not see why. The choice would be in favour of the company. A man's interest would be to see that the premium was as low as possible, and he is more likely to see that in the case of companies than he is in the case of the Government.

553. Yes, but premiums being equal, and the Government being admittedly more compelled to be guided by equity than law, there would be a preference in the natural man to take the line of least resistance?—But what does it matter to the employer. (*Mr. E. T. Clifford.*) The exaggerated claim does not come from the employer but from the employee. That is our experience and the experience of all companies who conduct their business properly. It is our experience that the employer sees eye to eye with the insurance company.

554. (*Mr. Davies.*) You would not expect that any feeling of that kind—that the Government would be easier to deal with than an insurance company—would influence people in taking out policies?—(*Mr. A. Vian.*) I think it would be ineffective as compared with private enterprise. I think it would be a most unfortunate result if the effect of the Government embarking on this was that for many years it would be engaged in litigations under the Act, which promise to be almost as numerous as under the old Act. Litigation has not yet come to an end. Employers do not trouble themselves at all; they leave the companies to deal with actions. The Government would have to pay any such claims as were made or be in the invidious position of constantly being sued in county courts all over the country, and constantly appearing as litigants. That is a most unfortunate position, I think, for the Government of any State to be in.

555. A feeling which was very prevalent in the House of Commons when this Bill was under discussion, was that all sorts of mushroom companies would arise under this Act and tempt the small employer, and leave him when the liability arose. May it be taken that the Association which you represent gives any sort of guarantee for the individual companies included in it?—No.

556. We may take it that the Association would, for the sake of its own credit, be on its guard against admitting people who are likely to discredit it?—Yes, we are naturally desirous of preserving our reputation.

557. So that supposing there were any question of the Post Office acting as agent, say, for all the companies included in this Association, and hanging up a list in every post office, and having a proposal for any company included in the Association, the Association as a body would welcome that?—I do not think they would quite. It would be very unsatisfactory. It would mean our supplying the post offices throughout the country with an immense amount of literature, and post office officials would be overburdened with it. They would probably favour one to the detriment of the rest, and I think the result would be eminently unsatisfactory.

558. Do you think it would be impossible for the Post Office to act as agents for existing companies without favouritism?—I should think so. (*Mr. R. J. Paull.*) I do not think there is need for it.

559. Taking the practicability apart from the need, there seemed to be an idea in the mind of Parliament that the State might act as agent, if not as principal. I want your views as to the practicability of the State acting as agent?—(*Mr. A. Vian.*) I think it would be placing too great a burden on your officials if you gave them the prospectuses of 30 or 40 companies, between many of which it would be impossible to make a distinction on the ground of solvency, and expected them to make a fair selection.

560. May I take it that the Association which you represent can devise certain common ground of action for the companies included in the Association, but that you think it quite impossible for the State to act as agent for any companies?—I should be sorry to say that; but I think it would be very difficult. (*Mr. R. J. Paull.*) May I put it in this way: It would be the same as if the suggestion were made to us that we should all be represented by one agent in a particular town. In my opinion, it would be absolutely impossible. (*Mr. A. Vian.*) They could not, certainly under the circumstances, bring home to the small employer the desirability of insurance.

561. (*Mr. Davies.*) Mr. Vian, when asked by Mr. Cochrane whether he was aware that the facilities of the Post Office Savings Bank were of great value to large classes of people who would not otherwise be reached by the State, made this statement:—"Yes, but "in this connection the Savings Bank is used by people "of the class of employees and not of employers." I would like to ask Mr. Vian whether he spoke in a purely impressionist way, or whether he had any returns in his mind of the classes of people who use the Post Office Savings Bank?—In your presence I hesitate to express any opinion with regard to the working of the Post Office Savings Bank, but my expression was based upon a recollection, possibly vague, of statements which I have seen as to the classes of people who are depositors in the Savings Bank.

562. I think that broadly speaking your statement might have held fairly good until the last Workmen's Compensation Act, but I think that the last Act has brought into the class of employers liable an enormous number of people who are depositors in the Savings Bank?—I am glad to hear that there is an added security for the workman.

563. (*Mr. Turpin.*) You said that the companies provide facilities for all risks included in the Workmen's Compensation Act. Does that include fishermen and seamen?—It will. We have no recommendation as yet from the Rating Committee on the matter.

564. You intend to include them?—(*Mr. Stanley Brown.*) As far as it has gone we have dealt with rates for people on trial trips.

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565. (*Chairman.*) I understood that you had it under your consideration to cover everybody?—(*Mr. A. Vian.*) Certainly.

566. It is seriously considered by the Association and its members?—Certainly. You have a lot of companies competing for business and you may rely that their natural desire to secure business would leave no possible chance for obtaining business untouched.

567. (*Chairman.*) We are much obliged to you, gentlemen. (*Mr. A. Vian.*) We thank you very much, my Lord.

Mr. A. Vian, Mr. S. Stanley Brown, Mr. R. J. Paull, and Mr. E. T. Clifford.

18 March 1907.

The witnesses withdrew.

Adjourned to Thursday next at 11.15 o'clock.

General Post Office, Thursday, 21st March 1907.

PRESENT:

THE LORD FARRER (*Chairman*).

The Hon. T. H. COCHRANE, M.P.	L. J. HEWBY, Esq.
H. DAVIES, Esq., I.S.O.	W. G. KIRKWOOD, Esq.
The Hon. R. D. DENMAN.	W. G. TURPIN, Esq.

E. RAVEN, Esq., *Secretary.*

Mr. ARTHUR EDWARD BROMEHEAD SOULBY, examined.

Mr. A. E. Bromehead Soulby.

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568–570. (*Chairman.*) Will you be good enough to make a general statement before the Committee proceed to put questions?—I am a solicitor practising at Malton, Yorkshire, and am Secretary of the Yorkshire Union of Agricultural Clubs and Chambers of Agriculture, the largest agricultural organization in Yorkshire, comprising 23 agricultural bodies in Yorkshire and including 3,000 members.

I am in touch with farmers in Yorkshire, and as a solicitor practising in the county courts, and as agent for several insurance companies, I have experience of the working of the Workmen's Compensation Acts as regards agriculture.

The Yorkshire Union have from time to time considered the question of Workmen's Compensation and have prepared and issued reports on various Workmen's Compensation Bills. At the present time the Union have under consideration the question of co-operation in insurance and have approached the leading companies with a view to special terms being obtained for members of the Union. If satisfactory terms cannot be obtained I believe a Mutual Insurance Company will be formed to effect Agricultural Insurances generally. A scheme of Mutual Insurance applicable to the whole country has already been prepared, and if the Insurance Companies do not make some substantial concessions to agriculturists, the latter will doubtless retaliate by forming a company of their own. I believe the scheme is at present confined to Fire Insurance, but I know of no reason why it should not be extended to Workmen's Insurance.

Referring to the specific heads upon which information is desired, I say:—

1. Insurance by farmers against liability under the Acts is practically universal in Yorkshire; probably the only exceptions are small moorland farmers and others living in remote districts, who are seldom brought in actual contact with insurance agents, and therefore hear very little about the Acts. These small farmers often employ no labour outside their own families and so incur but little risk; but at the same time they are the class least able to bear the responsibilities of the Acts, and such a man might be overwhelmed by the compensation payable to a labourer who had been casually employed.

An actual case of compensation will do more to bring such men to a sense of their responsibilities than any amount of literature. For example, in 1904, more than three years after the Acts were applied to agriculture, a terrible accident occurred on a small farm near Malton. The horses working a corn reaper ran away, and the driver fell among the knives; with the result that an arm and a thigh on one side had to be amputated at the trunk, and part of the fingers on the other hand. Marvellous to relate, the man recovered, but was of course totally disabled for life. He sought compensation under the Acts, and I obtained for him an order for 9*s.* a week. Then it transpired that the farmer was not insured. Master and man were both young, and it was a very heavy responsibility for the farmer, who was in a small way, and had no money to spare. His only escape was by bankruptcy, in which case the servant could only claim a dividend on the capitalised value of his compensation, and would probably get little or nothing after the Board of Trade had been satisfied. Ultimately the farmer's friends raised a small capital sum, which the servant had to take in settlement, or get practically nothing. The Judge made some very strong remarks on the folly of not insuring, and there are now very few farmers in this district who are not insured. This case shows that insurance should be compulsory, otherwise a workman may lose his compensation through the inability of the employer to pay it, notwithstanding the partial relief afforded by Section 5 (3) of the Act of 1906.

2. No doubt farmers who employ one or more domestic servants will extend their policies accordingly before July 1st. The majority already insure their men from date of accident, but those who at present exclude the first fortnight, will now have to be covered from date of accident, and doubtless will be charged a higher premium in consequence.

3. I have addressed inquiries to between 40 and 50 leading agriculturists in Yorkshire, including landlords as well as tenants. Of the replies received, 10 are distinctly in favour of the Post Office undertaking the business of workmen's insurance, four are against it, three consider that the present facilities for insurance are sufficient, and the remainder express no definite opinion. Of those opposed to it, one is a director of an insurance company, who considers it would not be fair to the insurance companies for the Government to enter into competition with them. The Acts, however, were not passed primarily for the benefit of the insurance companies, and most of the companies were formed long before this class of insurance was dreamed of. Two others are valuers, probably both employed by insurance companies in assessing fire claims, and one has a pronounced antipathy towards the Post Office and all its works. I am bound to say I sympathise with him to some extent, as speaking generally I have found Post Office clerks even more inattentive and disobliging to customers than railway booking clerks. Of those who favour the transaction of workmen's insurance by the Post Office, one (a large tenant farmer) writes:—

> "It certainly appears to me that it would be a two-fold advantage if the Post Office provide facilities for insurance of workmen. In the first place the advantages of insurance would, I think, be brought nearer to many small employers, who may not be approached by agents, and if insurance could be effected at village post offices, opportunities would be placed well within the reach of everyone. Secondly, if insurance were taken up by a Government Department, which I imagine would not consider it necessary to work at a large profit, there would be a healthy competition to existing companies, which show a tendency to increase their premiums. I also imagine there would be absolute security that all reasonable claims would be fairly met."

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Another tenant farmer writes:—

"I think that insurance through the Post Office is practicable and certainly desirable, on account of the greater facilities it offers as regards notification of accidents, &c. A post office insurance should work satisfactorily amongst moorland farmers and other employers unreached by insurance companies, provided they reside within a reasonable distance of a post office. Out of the way farmers do not as a rule insure against accidents."

Another farmer, writing of the scope which there is for the operations of the Post Office, says:—

"The insurance people penetrate everywhere. If an insurance agent cannot find his way, the devil himself has no chance."

But after discussing the greater proportionate cost of insurance to the small farmer, owing to the incidence of the minimum premium, he proceeds:—

"I think the Post Office might do much to relieve the small farmers in this way, but *simplicity* and *economy* are not usual in most Government schemes, and both are necessary if any benefit is to be derived."

A landowner writes:—

"I think the new Act, although not a matter of great moment amongst the well-to-do class, will be found to be a hardship by the small employers—who keep only one or two servants. Therefore any Government scheme which would simplify the procedure both of insuring and obtaining the amounts payable in case of an accident, and which would reduce the cost of insurance, should be a benefit to this class of employer. My own feeling in the matter is that it is really part of a much larger question, viz., national insurance not only against accident, but also against old age. I prefer the German system of compulsory insurance, to which both employers and employed are compelled to contribute according to the amounts they pay or earn respectively in wages."

Another landowner writes:—

"I have always thought alongside of workmen's compensation there should be some scheme of compulsory insurance under Government management."

A correspondent who thinks on the whole that it would be better for the Post Office to leave the matter alone, adds:—

"I do not see how Government insurance can become practicable or desirable, unless compulsory insurance is so made by Act of Parliament."

I think there is scope for workmen's insurance by the Post Office, especially in non-hazardous occupations, and I would suggest the insurance of domestic servants as a risk which might usefully be undertaken. If the experiment proved successful it might afterwards be extended; but it will not be successful unless stripped of the red tape with which the operations of the Post Office are usually tied and bound.

Insurance companies are charging 3*s.* per indoor servant, and some charge only 2*s.* 6*d.* per head, but with a minimum premium of 3*s.* The employer of only one servant will thus be paying more in proportion than a larger employer; out of this premium the agent's commission of 15 per cent. has to be provided for, and it has to cover the cost of preparation of the policy, an elaborate system of accounts, heavy establishment charges, and leave a profit for the company. It is therefore evident that the risk is a very light one in the aggregate, although so serious that the individual employer cannot afford to disregard it. If the working expenses can be materially reduced, and the question of a dividend eliminated, it follows that the cost of insurance will be very small indeed.

I have carefully considered the question of adapting the machinery of the Post Office to the insurance of domestic servants, and I believe a workable scheme could be evolved on the following lines:—Let each employer be enabled to purchase at his local post office an insurance ticket or coupon (similar to the railway accident tickets) at the sum of 1*s.* per servant. The coupon to cover all liability under the Acts for one year from date of issue. An employer who kept only one servant would pay 1*s.* a year, and the coupon would be available (like a dog licence) for any servant during that period. But if two servants were employed at the same time, two coupons, or a double coupon, would be required. And so on. To avoid fraud, the coupons could be filled up in duplicate on being issued, in the same way as a dog licence. When an accident occurred notice would be given to the local post office, and on production of the coupon, the postmaster, or someone in the office, would investigate the claim. The Post Office officials and letter carriers, especially in country districts, would know exactly who were genuine employers, and what claims were well founded.

In settling the claim some discretion would have to be allowed to the responsible officer, and it is just here that the scheme would be in the most danger of breaking down. Insurance companies, in settling claims, send an officer round to arrange them, who takes care not to be too niggardly or exacting in his terms. The Post Office is trammelled by cast iron rules and hide bound regulations, and these must be somewhat relaxed if business is to be attracted. If mathematical accuracy and strict legal proof is insisted upon in every detail, the scheme will soon collapse. But let it be administered in the light of commonsense, and a settlement facilitated rather than retarded, and I see no reason why it should not succeed. Cases of dispute might be cheaply settled by the magistrates. The competition of insurance companies would not be very keen, because the premiums would be so small that the commission would not tempt the average agent to push the business.

It is presumed that it is not desired to make a profit out of the insurance. I think a scheme on the lines I have indicated would pay its way, as it would involve no additions to the staff, no bookkeeping, no commission, and no establishment charges. But even if it did not pay there would be no injustice done by the deficiency having to be made up out of the Post Office funds, to which all classes contribute, and it would be much less unfair than making the employer bear the whole cost of a burden of which the workman reaps the whole benefit. I think the cost of compensation—or of insurance—which comes to the same thing, should be contributed to by the workman, and if necessary, subsidised by the State.

4. The cost of insuring agricultural labourers has hitherto worked out roughly at 1*d.* in the £ on the rent, or 1*d.* per acre, whichever is least, but under the new Act it will come to more, and the small farmer will be more heavily charged, in proportion, than the large farmer. The burden, though comparatively small, is one which presses heavily on farmers, and as the condition of the labourer is relatively much better than that of his master, he ought to bear part of the cost. At present, policies are divided into two classes, one including and the other excluding the first fortnight, with corresponding rates of premium. But in future the distinction will be abolished, and all farmers will have to pay the higher rate.

If to a domestic servant or a farm labourer, hired for a fixed term, happen an accident, the employer is liable for full wages until he can terminate the contract, *i.e.* at the end of a month in the case of a domestic, and at the end of the term of hiring in the case of a labourer. This liability is quite independent of the Acts and has not been diminished by them. It is a liability at Common Law.

Finally I am of opinion that the only way to protect the small employer against his own improvidence, and to safeguard the workman against loss of compensation through his employer's insolvency, is to make insurance compulsory. If compulsory, it ought to be cheap, and not worked with a view of making a profit to pay large salaries and heavy dividends. The Post Office appears to be the most natural medium for effecting such insurances, and section 8 (7) of the Act of 1906 recognises the principle of compulsion.

If the Insurance Companies lose the business of Farmers' Insurance, it will only be a just retribution for the manner in which they have taken advantage of the imperfect organization of farmers to exact oppressive rates of premium.

571. I would like to ask you two questions on the question of mutual insurance companies. Are you definitely in a position to form such a company?—The company that I refer to in my evidence is being promoted by the Agricultural Organisation Society. I have had correspondence with them, but I have not seen their scheme. I understand that it has been prepared and submitted to an actuary, and will shortly be sent out to the local chambers and clubs for consideration.

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572. In that case it would become a class of mutual insurance, such as has been adopted by large railway companies and others for their employees, or would it be in the nature of a voluntary new mutual company? —I think it would be more in the sense of a voluntary company, on the lines of the Coalowners' and Cotton-workers' Associations. I believe they have mutual associations.

573. What would be the lowest unit you would allow to insure in it. Would it be an individual farmer? —We should take the individual farmer.

574. Have you had approaches from the other companies to meet you, so as to avoid the formation of a new mutual insurance company?—We have not been met, as we consider, satisfactorily. All the insurance companies offer us, or practically all, is that they will give us the commission which generally goes into the agents' pockets.

575. Have you found them in a ring practically in saying that?—Yes. They are in a ring.

576. You have had no applications from others outside tariff offices?—No. We approached one or two, but did not get any very favourable offers from them, and I do not think that my union would care to entertain the idea of a non-tariff office, unless it was in a very much stronger position than most of them are.

577. Financially?—Yes.

578. You see your way to forming a sound scheme, as you think, which will do the work cheaper?—Well, I think it might be done through the medium of the Agricultural Organisation Society. I do not think that we could float it very successfully in Yorkshire alone. It wants rather more power behind it than we should have.

579. It must be almost national?—Yes.

580. (*Mr. Denman.*) There is a company entitled the Farmers' Mutual Insurance Company, Limited. Do you know anything of it?—Is that a fire office?

581. It is an employer's liability, fire, and accident office?—Is it one of the Cornish offices?

582. Hereford is its headquarters. It mentions in the directory of insurance companies that it paid 15 per cent. dividend, which looks substantial?—Yes. There is a small mutual fire office at Truro, in Cornwall, under which the premiums work out at about 8*d.* per cent, for what farmers in general are paying 7*s.* 6*d.* There is another small company of the same sort also in Cornwall, I believe. It may be the one to which you refer. I did not quite catch the address that you gave.

583. Farmers' Mutual Insurance Company at Hereford?—I believe there is a similar one in Cornwall, which was noted lately in the Board of Agriculture Journal, in a paragraph about it. I forget the name of it. Some of these small mutual offices seem to show marvellous results, and I think perhaps in Cornwall the holdings are smaller than they are in Yorkshire, and consequently the individual risks are less, and therefore, if they have a claim, it does not swamp them as it might do in the case of a large farm.

584. I suppose a mutual company finds no difficulty in re-insuring?—That is a matter upon which personally I have made some inquiry through Lloyd's, and although I was not able to get any definite quotation, I believe it could be done. In fact, I think it is necessary that it should be done.

585. Under this new Act, mutual companies will find it fairly easy to start, because there are so many classes brought in that there will be a fairly general demand for insurance?—There should be scope.

586. (*Mr. Turpin.*) The mutual scheme that is in preparation is only for fire insurance?—Yes.

587. It is submitted to an actuary?—Yes.

588. An actuary could not give any opinion on the new scheme, because he has no experience to base it upon?—Except so far as experience may have been gleaned under the Acts of 1897 and 1900.

589. You do not think you would have any difficulty in fixing the premiums for a scheme under the Workmen's Compensation Act?—It would have to be more or less guess-work at first, undoubtedly. I believe insurance companies experienced that with the principal Act, when it first came into force.

590. (*Chairman.*) In Section (1) of your evidence you give the very interesting case of a man who would have gone into bankruptcy, and you draw from it the conclusion that insurance should be compulsory, which is not a question that is referred to us?—Quite so, my Lord.

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591. You wish to express your opinion. I have a farm in Yorkshire which is 4½ miles away from the nearest village, and I know the man there insures himself. Have you actually found that in the more rural and remote districts farmers do not insure. Has that been your experience?—It has not been my own experience, but I made inquiries of various members of the Yorkshire Union in consequence of being asked to attend here, and my observation about moorland farmers is based upon what was told me by one correspondent—that the small man is very apt not to insure.

592. Do you know the West Riding at all?—Not intimately.

593. I do not want to put this in any way as cross-examination, but is it not generally the case that every week, or at any rate every fortnight, the most distant farmers go into the market towns for their beast selling? —Probably in the West Riding that would be more general than in the East and North, because the centres of population would be perhaps closer in many cases to the farms; but it is general even in the East and North Ridings for practically every man who can call himself a farmer to attend the market. As a rule there is nothing to do, but he goes and spends a day there, and he may get some information amongst his friends. There are a certain number of very small farmers living perhaps eight or ten miles from a railway who have no inclination to go to the market and no business to do, and who, working their holdings themselves, could not very well spare the time; and so they stay at home. That is a class of man who is possibly not reached by the Acts.

594. You do not know that of your own knowledge; all I was trying to get at was how those farmers sell their sheep. Do they have people going round to them?—With regard to fat sheep, probably a butcher on the spot would come and buy them, and sometimes the farmer sends them to the market. I do not mean to say that there are men who never go to the market from one year's end to another, but they do not attend regularly every week, the same as their larger neighbours do.

595. Do you know at all whether the insurance agents attend those markets?—The insurance agent is more generally a man with an office in a market town.

596. A solicitor or a bank agent?—A solicitor or a bank agent or anything. Nearly every other man is an insurance agent nowadays.

597. You give this very interesting case of an accident, and you say that the judge made practically strong remarks on the folly of not insuring, and that that reached those farmers in the district to a great extent who had not insured before?—Yes, that is so.

598. (*Mr. Cochrane.*) You think that a small man might be overwhelmed by the compensation payable to a labourer who had been casually employed?—Yes.

599. You give one example of that?—Yes, of a small man who was in danger of being overwhelmed.

600. Do you think that the extension of the Act to cover very small employers would increase the probability of that danger arising?—I almost think it will. There was a question under the Act of 1900 of whether a casual labourer employed by a small farmer fell within the Act. The Act says that it shall not apply to an employer who did not habitually employ one or more workmen in agriculture, and a good deal of question might arise as to the meaning of the word "habitually," and as to whether a man who habitually employed a casual labourer in harvest or hay-time would come within the Act or not. Under the new Act there is no doubt.

601. There is no doubt that the casual labourer, the man only employed at harvest time, will be included in the terms of the Act?—Yes, because he is employed in the man's business.

602. In the case of which you give an example in your evidence, if it had not been for the good nature of the farmer's friends the man would have been obliged

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either to pay 9*s.* a week to the injured labourer or go bankrupt?—Yes, that would be so.

603. In fact, if his friends had not come to his assistance he would have been made bankrupt?—Probably, and then the injured workman would have got nothing.

604. Nobody would have been benefited?—No.

605. The injured man would not have got any compensation, and the farmer would have been rendered bankrupt?—That is so.

606. You would like to see some means by which that difficulty might be overcome?—Yes, I should.

607. Do you think that in the case of the very small farmer, if ready facilities were given to him by means, for example, of the Post Office, and he was sure that any money invested would be secure, it might be an encouragement to him to insure?—I think it would be an encouragement to him if the Post Office could offer him something cheaper than the insurance companies do. I do not think there is much feeling that insurance companies are not sound, or anything of that kind.

608. Generally there is no alarm felt as to the security of insurance companies?—No.

609. In the meantime, unless legislation is passed to compel insurance companies to deposit a certain sum of money, there is the risk of bogus companies rising up who may tempt the farmer to insure at impossibly low rates of premium?—Yes, that may be so, especially amongst the less educated farmers, who will not consider the question of security so much.

610. If the Post Office, at any rate, kept a list of solvent companies in their offices, do you think that would be any assistance to the small farmer?—Yes.

611. Or, rather, kept a list of companies who have deposited a certain amount?—Yes, quite so. I believe there is a Bill either introduced or in course of contemplation dealing with that point.

612. (*Mr. Denman.*) To what extent have farmers pursued insurance rather than insurance farmers?—You mean to what extent have the farmers approached the companies to effect insurances?

613. Yes?—I do not suppose any farmer has taken the initiative.

614. You think it has always been done by the agents?—Yes; the farmer is so well looked after by the companies and by the agents that I should think probably he would never have a chance of making any independent inquiries on his own account to begin with. Probably the matter has always been brought to his notice first through an agent.

615. Does the agent generally go to him on his farm or meet him in the markets, do you think?—More generally he meets him in the markets.

616. Do you think that a mere stationary facility for insurance would not attract the notice of a farmer to any great extent?—I should not say that. I think if a notice were issued to farmers that insurances could be effected on appreciably cheaper terms than they are paying at present, even if they did not read the circular themselves, they would hear of it from somebody who had, and so it would reach them. It would soon become common knowledge that special facilities were being offered.

617. It always has been the experience of life insurance, for example, that circulars are very ineffective, and that they must be accompanied by persons?—Yes.

618. That, I gather, has been the case with labourers' insurances against employers' liability?—It would be even more so with the farmer, because he is much less easy to stir than labourers.

619. (*Chairman.*) When you say in Section 2 "Doubtless will be charged a higher premium in consequence," do you speak with very definite knowledge?—I have some information about that. When I say that a higher premium will be charged, I mean to those who are not already insured on the date from accident. Some figures were given to me. The present premium for one company for ordinary estate and farm employees or gardeners is 5*s.* per cent., with a minimum of 7*s.* 6*d.* It is proposed to raise that to 6*s.* per cent., with a minimum of 12*s.*

620. (*Mr. Cochrane.*) Are those the general rates for farmer's insurance?—The quotation is rather below the average in this particular company that I refer to.

621. Is that a mutual company?—No; it is the General Accident Insurance Company.

622. Have you any experience as to the general rate that is charged to a farmer for insurance against accidents?—For legal liability usually the charge is 6*s.* per cent., and to include the first fortnight 8*s.* per cent.

623. What company is the 6*s.* charged by?—The General Insurance Company.

624. We have heard of 10*s.*?—10*s.* per cent. would cover all accidents and from the date of accident, and full wages perhaps for 26 weeks.

625. What would 6*s.* per cent. cover?—That would cover bare legal liability, that is to say, compensation for any accident falling within the Acts, excluding the first fortnight.

626. The approximate rates that were given to the Departmental Committee were 6*s.* to 8*s.* per cent.?—Yes.

627. The 6*s.* per cent. is only the legal liability after the expiry of the first fortnight?—Yes.

628. That has been reduced to a week?—Yes, or even less than that.

629. Will there be an increased premium in consequence of that?—That is my idea. I think that will cause the premiums to go up.

630. (*Chairman.*) Surely the time has come when the insurance companies can quote you?—Yes.

631. They quote you now?—Yes.

632. Have you had definite notice of that?—I have not obtained any definite quotations.

633. (*Chairman.*) In Section 3 you say, with regard to the replies you received, that four are against the Post Office undertaking workmen's compensation insurance, and three consider the present facilities for insurance are sufficient. I presume you think that there is a difference between them and those who are against it?—Yes. Several correspondents replied that whilst they see no objection to the Post Office undertaking it, they think that the facilities provided by insurance companies are sufficient.

634. You give us some interesting discussion about the various people to whom you have written, and then we come again to your own evidence: "If the working "expenses can be materially reduced, and the question "of a dividend eliminated, it follows that the cost of "insurance will be very small indeed." I suppose you admit that that is rather a large order. There are certain expenses connected with Government administration?—Undoubtedly there will be some expense, but I think the expense will be very much less than would fall on an ordinary insurance company.

635. I suppose that that is really a matter for the consideration of the people concerned. You do not know anything about Government expenses?—No, I have no personal knowledge. I am simply estimating.

636. You say "insurance companies in settling "claims send an officer round to arrange them, who "takes care not to be too niggardly or exacting "in his terms." I suppose you are aware that when the matter was discussed in the House the claim of those who most wished the State to take this up was that the insurance companies were so rapacious that it was very unfair on the small man. I do not know whether you read the debate?—No, I did not read the discussion in the House.

637. I am sorry to say I have not the reference here, but I have a most distinct recollection of their saying that the real duty of the State was to protect the small man who was thrown over by the insurance companies. That has not been your experience?—No, I cannot say that it has.

638. You say that it is presumed that it is not desired to make a profit out of the insurance. I suppose you would not give that evidence to the Chancellor of the Exchequer, but only to a departmental committee?—I take it that the Post Office exists for the public.

639. I suppose you know what it pays towards the taxes?—No, I have not the figures.

640. It is 4,500,000*l.* now. Although we might wish to eliminate it, it is not always possible, it

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seems to me, to do so. The last thing that you say is this: "I think the cost of compensation, or of insurance, "which comes to the same thing, should be contributed "to by the workman, and if necessary subsidised by the "State." That is simply your view?—Yes.

641. And we have only to consider what the Act is?—Quite so.

642. That is why I do not ask you questions which I should be very glad to deal with. I should very much like to have your views about them, but they are not within the terms of our reference?—The only reason why I put that in was that it occurred to me that if the Post Office undertook the insurance business it might be desirable also to make it compulsory.

643. We all of us have our views, I should think, about that, but I really do not think it is within the terms of our reference.

644. (*Mr. Cochrane.*) I suppose small employers in particular are careless about insurance?—Yes.

645. Nothing will make them all insure except compulsion?—Exactly.

646. I see from some letters that have been written to you, one of your correspondents says: "I also "imagine there will be absolute security that all "reasonable claims will be fairly met." I suppose that claims are fairly met at present?—Yes, on the whole, I think they are. I have not much fault to find with insurance companies.

647. One difficulty that is anticipated is that the Post Office would not be able to canvass like the insurance companies?—Yes.

648. I see that one of your correspondents says, "If an insurance agent cannot find his way the devil "himself has no chance"?—I do not know whether he identified the gentleman with the Post Office in any way.

649. Your opinion might be that the Post Office penetrates to many Christian homes where the devil would have no chance?—I believe so.

650. A landowner thinks that it might be possible that the Post Office could work at a cheaper rate, and you agree with that?—Yes.

651. With the organisation of the Post Office it might be possible, perhaps, to keep the premiums down you think?—I think so.

652. At any rate, you think it would act as a check upon other companies?—Yes.

653. You think that a Post Office scheme would not be successful unless stripped of red tape, with which the operations of the Post Office are usually tied and bound. Are the restrictions greater in the Post Office than that in the work of any company?—I think so. I think there is not sufficient elasticity in the Post Office. I am speaking more particularly of country post offices. They seem to have hard-and-fast regulations imposed upon them, and apparently they have no discretion to go one iota beyond those regulations when common sense says sometimes they ought to do so.

654. You think that the agent of the insurance company has greater freedom?—The representative of an insurance company. The agent is a mere medium for doing the business. He does not settle the claim.

655. Therefore, if the Post Office undertook the business it would be necessary for them to have a different class of man to act as representative in the settlement of claims?—I think if a little discretion were allowed to the local postmasters or officials, there should be no difficulty about settling the claims.

656. Do you think that the class of man who is a sub-postmaster would be qualified to undertake the work?—I think he would be able to verify the claim.

657. From his local knowledge, which would assist him?—Yes.

658. But would you give him a discretion in dealing with the case?—I should imagine that he would report to his superiors, and possibly be permitted to make recommendations as to what the settlement should be.

659. (*Mr. Turpin.*) You think that domestic servants could be covered at a premium of 1*s.* per cent. with safety?—Although I have no figures actually to go upon, I must say that I think the risk is a very small one.

660. Do you think that the working expenses and profit of an insurance would absorb practically two-thirds of the premium?—In this particular case I do not say that it would absorb two-thirds of the premium; but the fact that the insurance companies are willing to do it for 2*s.* 6*d.* shows that the risk is a very small one, and that the Post Office could do it for less.

661. No doubt if any State scheme were started it would have to be self-supporting; you could not draw on the other receipts of the Post Office?—No. My impression was that if a scheme of that kind were started and were sufficiently supported by the public, if it became general it would be self-supporting; but that is only an impression. I have no data.

662. It is only your opinion that 1*s.* would do?—Yes, based upon personal observation and knowledge as to the extent to which domestic servants do happen accidents.

663. (*Mr. Hewby.*) Do you think it would be justifiable for the State to undertake the insurance of the single class of domestic servants at very low, if not unremunerative rates, and to leave other classes of workers and their employers to be provided for by private insurance agencies?—My idea was that if the Post Office were to introduce a scheme, and if it were to be successful, it would necessarily have to be a simple scheme, and there would have to be some uniformity in premiums, and so on. If you begin to insure outside domestic servants, and take in industrial risks, you have varying rates of premiums and a different class of risk altogether; and that would rather militate against the simplicity of any scheme that the Post Office might propound.

664. Quite so; but it seems as though there might be some difficulty in giving preferential treatment to a particular class?—I suggested that rather as an experiment, and I suggest that if successful the scheme might be extended.

665. (*Mr. Kirkwood.*) I see you say here, "The "competition of insurance companies would not be "very keen, because the premiums would be so small "that the commission would not tempt the average "agent to push the business." What precisely do you mean by that?—I am an insurance agent. I am not going to spend half a day running after a man to try to get 7*d.* or 8*d.* out of him in the shape of commission.

666. Has that reference to the coupon of 1*s.* for each servant, or does it refer to the existing rates of insurance companies?—The existing rates—the minimum of 3*s.* per servant.

667. They are competing very strongly indeed?—They are making a great push. They are doing it principally from head offices, and by inspectors, and so on. They are issuing circulars broadcast. But the better class of agent, if I may say so, will not bother himself about the insurance of domestic servants on account of the small premium. It is not worth his while.

668. But do not many agents take this insurance for domestic servants under the Workmen's Compensation Act in connection with fire insurance and life insurance?—Yes, a good deal.

669. When they go to a house and try to get the insurance of a servant under the Workmen's Compensation Acts, they probably try at the same time to get fire insurance, or some life insurance, and by combining the whole, does it not make it worth their while to make the necessary visits?—The amount of work that has to be done for the commission is very considerable, because there is an annual renewal notice, and collection of the premium, and accounts to be rendered to the insurance company, and if there is a claim the agent seems to be called upon, not to settle the claim, but to do a great deal of work in the way of getting information, and so on, for which he gets absolutely nothing at all.

670. Do you not think the insurance companies would try to get a foothold in the houses of small employers?—Undoubtedly the insurance companies would, but what I mean is that the local agent himself will not support them so strongly as they would wish agents to do, perhaps.

671. Do you think that if the Post Office did not tout or send out agents in order to get the insurance

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of domestic servants, small householders would be inclined to go to the post office and take out policies without being asked?—It would be a question of £ s. d., I should say. If they could do it cheaper at the post office, they would probably go there.

672. But if they could not do it cheaper they would go to the insurance company?—I think so.

673. They would perhaps make better terms as a general rule than with the Post Office if any question arose?—Yes, there is that question, and, as you say, insurance companies would push the matter much more than the Post Office would be likely to do.

674. If the Post Office did not employ agents to go out and visit the various houses, they could hardly expect to get business by postmasters sitting still and simply waiting in their offices in order to receive applications?—I am sure the Post Office will not compete successfully with the insurance companies unless they offer some attraction in the shape of reduced premium or otherwise.

675. In order to get the business they must offer lower rates of premium than the insurance company?—I think so.

676. (*Mr. Davies.*) You are looking at the insurance of the domestic servant as the smallest class of risk which could be undertaken under this Act?—Yes, and probably the most general.

677. In suggesting that the Post Office might take that up with success you are influenced mainly by the fact that it is the simplest class?—Yes.

678. You think that the other classes employed in the dangerous trades and so on involve so many technical questions in the settlement that the village post office agent would not be qualified to deal with them?—Yes, I think you may say that the village post-office official would not be able to deal with them, and it would so complicate the scheme that it would make it very much more expensive in working.

679. You see no need at all that the Post Office should step in to provide insurance for domestic servants?—No, I do not see any absolute necessity.

680. But you think that if it wanted to try its hand at this kind of business, it could not do better than begin there?—Yes. I think that the insurance of domestic servants is a matter which affects practically the whole of the middle classes, and one which the Post Office might usefully undertake in the same way as, I believe, they issue annuities or grant life insurances to certain limited amounts. They do not go beyond a certain figure. I do not know what it is, but they do life insurance business with a limit, I understand, and on the same principle I would limit this business.

681. This Committee really had its origin owing to a doubt on the part of the House of Commons whether people in remote districts were sufficiently reached by the existing insurance companies. I gather that on the whole you think they are sufficiently reached?—Yes, I think they are reached.

682. And you can speak for fairly remote districts of Yorkshire?—Yes.

683. Your experience does not suggest to you that in any case where the small farmer had failed to insure with the companies he would have gone to the Post Office?—No, I do not think so.

684. (*Mr. Denman.*) Practically you think that the desirability of Post Office interference is based almost solely on the necessity of competition against companies that may prove tyrannous?—I hardly follow that. I think the competition amongst insurance companies themselves would be sufficient to prevent any tyranny.

685. In your closing sentence you say, "If the "insurance companies lose the business of farmers' "insurance it will only be a just retribution for the "manner in which they have taken advantage of the "imperfect organisation of farmers, to exact oppressive "rates of premium." That is what I mean by tyranny?—Yes. By that I mean rates of premium which I consider excessive. I think that if the farmers were thoroughly organised in the same way as certain of the industrial trades are—coal miners, cotton spinners, and so on—we should get better terms, and the insurance companies would not disregard our overtures as they do at present.

686. You feel that that tyranny is the great danger, and that the competition of the Post Office would be a valuable way of meeting it?—Yes.

687. Apart from that you do not feel that the intervention of the Post Office is required merely for the provision of facilities?—No. There are ample facilities for effecting insurances at present at a price. My idea is that the Post Office might usefully intervene to offer something cheaper or, at all events, to prevent the premiums going any higher than they are at present.

688. That function could be equally well performed by mutual insurance companies?—Yes. If a mutual company was sufficiently supported, that, I think, would be the best solution of the problem, but it is so very difficult, especially amongst farmers, to get any combination at all, that it would be rather doubtful whether we could successfully float a mutual insurance company.

689. If you succeeded in floating that company all enthusiasm for Post Office intervention on your part would die away?—Yes, as far as farmers were concerned. I think they would prefer to insure with their own company if they felt it was sufficiently strong, but some of them are very doubtful about the financial security of such a company.

690. Have you come across any demand by farmers for the insurance only of the expensive risks—I mean by that the risks with regard to permanent disablement and death?—No. I have never known any distinction drawn between a serious injury and a slight one. The one premium covers the two.

691. It has been suggested that the Post Office might introduce a scheme covering only those expensive risks at a lower premium?—Yes.

692. Allowing the farmer to take the mere temporary disablement risk?—I think the farmer would probably wish to be covered even for the slight accident.

693. You think that the partial scheme would not be useful?—I do not think so.

694. (*Mr. Cochrane.*) With regard to the very small employer, the premiums for a very small farmer to insure his labourer are from 6*s.* to 8*s.*?—Yes.

695. And domestic servants would be about 3*s.*?—Yes.

696. The commission that the agent would get would be about 15 per cent.?—Yes.

697. Therefore, with regard to a farmer employing one labourer and one domestic servant the premiums would be 3*s.* with regard to the agricultural labourer. That is, at the rate of 6*s.* per 100*l.*, and on a wage of about 1*l.* a week or 50*l.* a year, about 3*s.* in the case of a domestic servant, or rather under 3*s.* per head?—Yes.

698. So that the total commission which the agent could receive would be 15 per cent. on 3*s.*?—At present the companies have a minimum premium. They do not issue a premium for agricultural labourers under 10*s.*

699. So that a man employing only one labourer and one domestic servant, notwithstanding that the rate of premium is 6*s.*, cannot insure below 10*s.*?—Yes.

700. Being a small employer he has to pay a very much higher rate than if he were a large employer?—Yes, precisely. I would like to say that he cannot insure for less than the minimum premium, which usually is 10*s.* I am not sure whether all companies are the same, but that may be taken as a general figure.

701. But even at that rate the commission of 15 per cent. that the agent would receive would be somewhere about 1*s.*?—1*s.* 6*d.*

702. How do you calculate that?—15 per cent. on 10*s.*

703. In the case of a casual labourer employed at harvest time, the lowest premium at which he could be insured would be 10*s.*?—Yes, on the present tables.

704. If the Post Office, through its existing organisation, could insure the very small employer at a low rate of premium, or at the average rate of premium not requiring a minimum of 10*s.*, would it be likely to attract any class of business?—Yes, I think it would get the small employer then. At present the small employer is victimised by having to pay more in proportion for his insurance.

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705. That class of insurance of very small employers is probably not very profitable to the insurance companies, owing to the cost of collection?—Yes, I imagine that is so.

706. And when a very small premium is paid, the commission to the agent must be very small?—Yes.

707. In the case of a man employing a casual labourer and a domestic servant, the commission to the agent would probably be about 1*s.* 6*d.*?—Yes.

708. And to secure that commission he might have to travel 4 or 5 or often 10 or 12 miles, or even longer distances?—I do not think the insurance agent goes about from house to house much. He relies more upon meeting his clients in the market, or in his office.

709. But in the case of settling a claim where a claim is made, the insurance agent, or the representative of the insurance company, might have long distances to travel?—Yes, he might have to do so.

710. For a comparatively unremunerative class?—Yes.

711. At present there is great push on the part of insurance companies to attract all classes of insurance, on account of the recent passing of the amended Workmen's Compensation Act?—Yes.

712. If the agents of the insurance companies find that in scattered districts, the remuneration to them is very small in proportion to the labour entailed upon them, the activity of the agents will be likely to fall off?—Yes. The main benefit that an insurance agent gets in the small cases is an indirect one. They may possibly bring people to his office who take the opportunity of transacting other business there.

713. If this period of activity came to an end, there might be room then in the branch post offices, scattered throughout the country, to carry on some limited form of insurance of small employers at average premiums?—I think so.

714. (*Mr. Kirkwood.*) Do you think that the Post Office would be likely to get any business if they did not send out agents, but simply let it be known that they were willing to insure the small employers at the average rate of premium for one or two labourers?—Yes, assuming that they issued a policy for a small amount at the average rate of premium without charging a high minimum.

715. And notified the various farmers round by means of circulars through the post?—Yes, if a man could insure his one labourer, say for 3*s.* a year, through the Post Office, whereas he would be paying about 10*s.* to an insurance company, then I think he would go to the Post Office.

716. If he did that, that would tend to reduce the charges of the insurance companies. They would probably reduce their minimum charges?—Yes.

717. And that would be to the benefit of the small farmers?—Yes.

718. A decided benefit?—Yes. The question of the minimum premium also comes in with fire insurance companies. Most of the companies do not issue a policy for less than half-a-crown, whereas a man wanting to insure his furniture for 50*l.* at the ordinary rate should only be charged a shilling, but he has to pay half-a-crown.

719. (*Chairman.*) I do not quite understand how it is that the Post Office could settle claims cheaper, which is one of the answers you have given, because if a man is 4, 5, 6, or 7 miles off, when the settlement came the Post Office, it seems to me, would have the same expenses as an insurance agent now. Therefore, *pro tanto*, though that is not the whole of it, I should have thought that would have added to the premium necessary to be charged to make it a sort of deal. I do not know whether I have made clear what I mean?—It is only in this way. In remote districts the employer would take his insurance coupon or whatever he had, to the district post office, and the thing would be worked on the spot in the local office; whereas an insurance company might have to send an inspector, whose travelling expenses would be an item of consideration.

720. But I presume that in any case of dispute both people would have to examine?—In case of dispute, yes. That is opening up rather another question. The cases of which I am speaking of an insurance company settling a claim are with regard to undisputed claims.

721. In an undisputed claim I presume the insurance office settles it by cheque or postal order?—Yes, but they require a lot of information before they pay. A form of claim has to be filled up, and a doctor's certificate sent, and various doctors' certificates from time to time are required as to continuance, and so on; whereas in the case of a small claim in a country district, where all the facts were well known to the postmaster, it might not be necessary to have so many medical certificates.

722. I am not clear myself on this point. Do you mean to say that there are a considerable number of districts in Yorkshire that you know of, where the postmaster would know the case?—Yes.

723. And the insurance agent would not?—Yes, because the insurance agent as a rule is a man living in the market town, perhaps 10 or 15 miles away from the farm.

724. And the postmaster is not a man of that sort?—The local postmaster would presumably be within a mile or two of the farm. There would be a village post office.

725. But are there any villages in your parts of Yorkshire that do not have insurance agents?—Yes, I think that is so. In some of our villages we have two or three insurance agents, but in others there are no agents.

726. In Section 4 you deal more or less with compulsory insurance, which I think we as a Committee do not feel we are bound to go into, but there are one or two questions I should like to ask on it. In the first place, as an agent for several insurance companies, do you see any signs (I suppose you must have done), or do you think that there is a prospect of a large trust or union of those insurance companies being formed?—Yes, I have recently seen a report that a tariff or ring is being formed, by the companies transacting employers' liability and workmen's compensation insurance. There was a ring I believe originally, which fell through. I believe it is now being formed again and revived.

727. I do not quite follow when you give your strong views in favour of insurance being compulsory whether you wish for Post Office insurance whether or no it is compulsory.—Yes, I do. It would be a good thing that the Post Office should undertake especially the small risks.

728. In the last sentence you say, "It will only be a just retribution for the manner in which they have taken advantage of the imperfect organisation of farmers to exact oppressive rates of premium." I understand that you are an agent for several insurance companies: have you pointed out the rates to these companies as being excessive?—No.

729. If you could have got more business by increasing the number of people insuring, might it not have been to the advantage of those companies?—I have not pointed it out as an agent, but as secretary to the Yorkshire Union. I addressed a circular to some of the leading companies inviting them to send us special terms for insurance against fire and workmen's compensation, and the replies I received were that the charges already were barely remunerative, and that they would not stand any reduction. When I compare the rates charged to farmers with those charged to trades, which are better organised, it does seem to me that farmers' rates are very high in proportion.

730. Then it is a question of farmers being overrated that appeals to you?—Yes.

731. And if that is economically sound, might not the effect of the Post Office going in merely be to reduce the insurance rates. Do you think the Post Office could make it a profitable business even with the competition that would ensue?—Of course I can only speak generally about that. Not being acquainted with the interior of insurance affairs I do not know.

732. (*Mr. Denman.*) It is quite clear, is it not, that an organised and concentrated business must be able to insure much more cheaply owing to the diminished expense of organisation?—Yes.

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733. And no amount of Post Office intervention would reduce the general cost of the organisation of insurance, would it?—No, except by competition reducing the rates.

734. Hitherto competition has existed amongst the companies themselves, has it not?—Yes, and the companies have a tariff below which none of them will go.

735. For how long has that tariff existed?—In the case of fire offices it must have existed for a great number of years.

736. I am talking of employers' liability?—In recent years it has not been in existence at all. It was formed and collapsed, and the insurance companies went more or less independently after that, but recently there have been steps taken to revive it.

737. You have hitherto had the condition of free competition?—Yes.

738. And still the premiums seem to be too high?—The premiums seemed to be unduly heavy.

739. You think that Post Office competition would bring them down?—We hope it might.

740. (*Mr. Davies.*) You said you thought it would be a good thing for the Post Office to undertake the insurance of small risks. Do not you think that if the Post Office undertook insurance of part of the liability under this Act, and got a large class of business, it would tend to complicate the working of the Act for other people. I mean if the Post Office undertook the insurance of domestic servants, ignorant people might be under the impression that they had covered their liability for employees who are not domestic servants?—I should hardly have thought so myself.

741. Are not the classes of people under the Act rather mixed. The domestic servant goes off into the small labourer who does jobs about the house, and so on?—Yes.

742. Supposing the Post Office took domestic servants pure and simple, would not people be very likely to imagine that their risks for other people, almost indistinguishable from domestic servants, were covered?—I do not think so. I think that the insurance with the Post Office would be for a specific risk, one domestic servant or two servants whichever the employer might happen to have. I do not think a man who insured his servant girl would think that he was insuring his man as well.

743. It seemed to me that there might be complication; but you think that that part of the business is detachable, and that it might be taken without raising other difficulties if it were decided to take it up?—Yes, I think so.

744. (*Mr. Kirkwood.*) Is not this combination of the leading insurance companies to charge a universal rate really chiefly with the object of preventing some companies from charging unduly low rates. As to the workmen's compensation insurance which is just coming into force under the new Act, at present the companies are considerably in the dark?—Yes.

745. Is not the object really to see what the rate will be?—I do not know what the avowed object is. I simply know that I saw it stated in the newspaper that such a combination was being formed.

746. But so far as you are aware it is not with the object of forming any trust or anything of that kind?—No, I am not aware that it is any more than the fire offices have a trust, if you call it so.

747. (*Mr. Turpin.*) This combination of the offices against the farmers only relates to fire, so far?—It has done hitherto.

748. As soon as there was a tariff the premiums for farmers went up 50 per cent.?—Yes.

749. That is the only benefit they have from the tariff?—Yes.

750. The inference would be that under a tariff for the Workmen's Compensation Act the premium would be higher?—I am not quite sure whether the increase in the fire insurance was the immediate outcome of the tariff. I think the tariff existed before that, but the tariff companies agreed some years ago to increase the premium 50 per cent.

751. As soon as they get a tariff they are apt to raise the premium rather than decrease it, because competition is not so keen?—Yes.

752. (*Mr. Cochrane.*) I rather gathered you thought that the Post Office might overtake some part of the work connected with a very small employer?—Yes.

753. A difficulty might arise in defining a small employer. Would it be possible to define a small employer as one not paying more than a certain minimum wage annually?—Yes, that would be one basis of definition.

754. The basis of employing a certain number would be open to the difficulty that a farmer might increase from five to six labourers and invalidate his policy?—Yes, he might do that.

755. That would not apply where it was an average total amount of wage?—No, not so readily.

756. Would there be any demand, do you think, on the part of a small employer for a limited policy, that is to say, in certain occupations where the risks are very slight, such as domestic servants?—Yes.

757. A small employer might be willing to take the risk which was within his power to meet, that is to say, he might be willing to himself pay a domestic servant for an illness of one, two, or three months?—Yes.

758. But he would be unable to stand the loss of a permanent injury or death by accident?—Yes.

759. Is there any room now for the Post Office to give a limited policy for everything—accidents or any case of death?—That is very similar to a question that I have already answered. In reference to the agricultural labourer I expressed an opinion that a farmer would insure against his small risks as well as his large ones, but in the case of the domestic servant more particularly I may point out, as I have done in my proof, that the employer is liable to pay full wages during disablement until he can terminate the contract; therefore at present practically in all cases of domestic servants, if a servant breaks her leg or arm or anything of the kind the master cannot get rid of her without paying her a month's wages in full; and if the public could be made to realise that there is that liability possibly they might be content to insure for risks after the first month, and I think myself that that would be a good scheme, because although the insurance companies ask you to insure against all risks at common law, I believe they do not recognise that liability to pay full wages as a risk at common law, but say that it is arising out of the contract. They get out of it in some way like that.

760. Saying that it is implied in the contract of service that that liability rests on the employer?—Yes.

761–2. (*Chairman.*) Could you give any idea of the percentage of farmers that insure. We have not got that out. Have you made any calculation?—I should think at least 95 per cent. insure. Most of my correspondents seem to think that the proportion is greater even than that, although one who I believe is the director of an insurance company, says that it is not by any means so general as it ought to be. My own impression is that practically all farmers, with possibly the exception of a few remote moorland farmers, are insured at present.

763. I am sure that we are very much obliged to you for coming to give us this evidence, because it has been extremely difficult to get evidence with regard to these remote districts. It is very valuable evidence and we thank you very much.

The witness withdrew.

Mr. W. Fitzherbert Brockholes.

21 March 1907.

Mr. W. FITZHERBERT BROCKHOLES, examined.

764. (*Chairman.*) I understand that you are a landowner in North Lancashire and have been actively engaged and interested in farming matters all your life, and that you are chairman of the Lancashire Farmers' Association, the membership of which now nearly reaches 1,400, and which embraces a considerable part of Lancashire?—Yes, that is so.

765. I believe you are also a delegate of the Association to the Central Chamber of Agriculture and a

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member of the Executive Committee of the Agricultural Organisation Society?—Yes.

766. Perhaps you would first give us a general statement covering the ground of your evidence?—I have taken great interest in the Workmen's Compensation Act ever since the 1900 Act was passed, and have continually exerted myself to get the provisions of the Act known among the farming classes and to induce farmers to insure.

As well as I can learn, I gather that it is the exception now in the districts of which I have knowledge for a farmer employing labourers not to be insured.

Agents are very numerous; not only are practically all land agents and country lawyers agents of some company or other, but clerks in their offices, auctioneers, and many farmers themselves are insurance agents.

The result is that canvassing is very keen, and there seems no call to provide facilities for insuring against risks under the Workmen's Compensation Act beyond such as are already provided in the ordinary way of business.

There is an undoubted tendency among farmers to insure against fire and workmen's compensation through the same agent, whoever he may be, though not necessarily with the same company.

The Lancashire Farmers' Association have arrangements for insuring members against fire and workmen's compensation risks, and frequently members who began by insuring through the Association for one of these two branches have changed their other insurance and now insure through the Association for both.

Some of the leading insurance companies who have confined their business to certain branches have found this, and have had to take up other branches so as to keep their clients.

In my opinion, farmers who are not insured already or who will not have been canvassed and insured before July 1st will be either men who refuse to insure, or who certainly will not insure on their own initiative.

If the Post Office should decide to take up workmen's compensation insurance, I feel confident that it would remain practically a dead letter unless—

1. The terms offered compared favourably with those offered by insurance companies now competing hotly for the business.

2. And there was active canvassing.

It does not seem to me that this latter and the payment of employees to canvass is a proper thing for a Government department to undertake.

Government administration of all kinds is proverbially hampered by red tape, and this unavoidable drawback must militate against the successful carrying on of insurance work of this particular kind

Insurance companies must necessarily for due protection against fraud have conditions in their policies, such as receiving notice of an accident within some limited time and laying down certain formalities in procedure, &c.

Now it frequently happens that, through ignorance, inadvertence or accident, the person insured breaks these conditions in some way, and, strictly speaking has forfeited his policy. It is within the power and is the custom of all good insurance companies to condone such breaches in ways that I cannot conceive possible to a Government department.

Again, cases are sure to arise in which doubts exist as to whether compensation is due or not—take, for example, the thorny question of what is casual labour.

I think it would be most unwise and unseemly for a Government department to be using public money to fight a workman in a court of law on a matter of this kind.

The absence of any clear definition of the term "casual employment" is likely to create great difficulties for farmers and employers of agricultural labour especially. The nature of the work requires extra hands at times, and policies indemnifying against legal liability would open the door to dispute and litigation in many instances. This indemnity against legal liability might be all right for the person insuring in most instances, but it would not be a satisfactory position for a Government department to be obliged to dispute and fight every case of doubt. That this is no imaginary danger is shown by the difference in the rates asked by insurance companies for policies indemnifying only against legal liability and for policies giving compensation on the scale of the Act regardless of legal liability.

The only way to avoid this would be to confine policies offered by the Post Office to what are known as "benefit" policies.

Again, the ways and routine of a Government department cannot lend themselves to the prompt dealing with claims. An insurance company has its staff of managers, inspectors and local agents, and through them are able to be more or less in personal touch with their clients. How can this be possible in a Government department without a corresponding body of special officials, with special experience and knowledge, as far as the managers and inspectors are concerned at all events.

I consider the ideal method of insurance is on the mutual or co-operative principle, and I should like to endorse the opinions on this point that have been conveyed in a letter from Mr. Tod, Chief Organiser of the Agricultural Organisation Society.

I also endorse his suggestion as to the possible utility of the Post Office offering some simple form of insurance for domestic servants; and should like to read the portion of his letter dealing with these two latter points:—

> "I am of opinion that all insurance against accidental loss, employers' liability, fire, hail, death of livestock, &c., should be co-operative and mutual.
>
> "1st. Because each individual should take his share in the risk either by a premium or a levy, or both.
>
> "2nd. Because the payments required from each individual should be exactly his share of the mutual loss, that is, no profits should be made by any individual or company.
>
> "It has been found that under any proper system of really mutual insurance, the cost is very much reduced.
>
> "1st. Because the insurers of each district are carefully selected, each new insurer having to be admitted by his fellow insurers or by a committee representing them.
>
> "2nd. Because fraud is almost impossible owing to the local knowledge of the fellow insurers.
>
> "3rd. Because there are no agency or advertisement charges and the establishment charges are small.
>
> "There is no doubt that it would be a convenience greatly appreciated by the public if they could effect an insurance against employers' liability with regard to their domestic servants as easily as they can take out a gun licence. With the necessary organisation and certain safeguards against fraud, this should be possible. The general insurance of employers against accidents to workmen in the extended sense of the word, would be more difficult."

(For the letter in full, *see* Appendix No. II.)

767. Perhaps I had better read Mr. Tod's letter to which you refer?—Yes. (*The letter was then read. See* Appendix, No. II.)

768. I see you say you have taken a great interest in the Workmen's Compensation Act ever since the 1900 Act was passed. That, I presume, was because agricultural labour was not included in the earlier Act?—That was the reason. I first of all prepared and read a paper to our association. It got all through the local press, and was afterwards reprinted in the form of a leaflet, which was published by the Agricultural Organisation Society. That went the round of the agricultural press, and since then at meetings, in our annual reports, and in other ways we have done whatever we could to make the farmers thoroughly acquainted with their risks and dangers, and the necessity of insuring.

769. Do you agree that 95 per cent. of the farmers are insured now, as a rough calculation?—Yes. I have made personal inquiries of persons who do a good deal of insurance business, and they quite agreed that it is the exception now for a farmer not to be insured.

770. You say, in reference to the danger of litigation when the question of legal liability may be in doubt, "That this is no imaginary danger, is shown by the difference in the rates asked by insurance companies for policies

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indemnifying against legal liability only, and for policies giving compensation on the scale of the Act regardless of legal liability." We had the insurance companies or some of them before us at the last meeting, and they spoke with rather a divided voice on the question of what the amount would be, but as I understood it entirely depended on the future what the difference would be. You say it is no imaginary danger?—That is my opinion.

771. They stated, I think, that if they found by experience that the difference was not very great then the policies would be reduced. I do not know whether that is the recollection of the committee. You have facts to prove existing charges made?—Yes. I have discussed this point with managers of leading insurance companies. This difference was a point that in 1900 I became very much alive to, as will be seen in the leaflet I wrote, and which was published by the Agricultural Organization Society. I examined the policy forms and the prospectuses of about nine or ten of the leading insurance companies. Five of them gave what are called benefit policies—very comprehensive policies, regardless of legal liability. Others to this day, for labourers, refuse to insure beyond legal liability. One prospectus, I think, puts it as clearly as possible. Section 1 covers all legal liability under the Workmen's Compensation Acts and other statutes at a premium of 10*s.* per cent. Section 2 covers all legal liability, and also provides compensation on the scale of the Act of 1906 from the date of the accident in cases of permanent disablement where no legal liability arises, at a premium of 12*s.* 6*d.* per cent. Section 3 is is a still more comprehensive one. It covers legal liability and provides for full wages during the first 26 weeks of total disablement from the date of the accident at a premium of 15*s.* per cent.

772. Is that the last issue?—That is the last issue. I got that yesterday at the company's office. Looking at all the various insurance companies whose prospectuses and policy forms I have examined, their policies may be divided into three classes, broadly speaking. The first is against legal liability only; the second provides compensation on the scale of the Act regardless of legal liability; and the third one includes (1) and (2), and in addition gives extra benefits in the cases of certain sicknesses and full wages for the first month amongst other things.

773. You consider that the minimum rate is too high and that a mutual insurance would probably give a less onerous rate?—Yes. I might say that I had interviews and communications with the managers of several insurance companies, with a view of trying to get over the minimum difficulty, and trying to arrive at a combined policy to enable three or more small employers of labour to club together to get a policy for their servants, under which, say, three farmers with one hand apiece might insure their three men at the same rate as one man who might employ three hands. Only one company would look at it, and they offered a few months ago a combined policy. That is to say, they would grant one policy to three or four or more small employers who might club together and take out a policy jointly. They have done that, and they now issue the prospectus of this combined policy to meet the case of small employers.

774. Do you gather from that that the ring has been broken, or is there a tariff?—There has been no regular tariff among companies for workmen's compensation yet. For fire there has. Some of them are putting their heads together, but the conditions of their policies vary so much that you cannot say there is a general tariff yet.

775. (*Mr. Cochrane.*) They are working out a general tariff?—They are trying to work out a general tariff, but they have not done it yet.

776. We were told the other day in evidence that they were on the verge of a general tariff?—Yes.

777. (*Chairman.*) They have agreed not to offer anything lower until they have a tariff. What does the reduction amount to in the case of the combined policy you have mentioned?—There is no reduction of rate, it simply gives the privilege to a group of small employers of clubbing together and taking out one policy for their servants at the same rate as a big employer would take it out for several. The rate is exactly the same.

778. (*Mr. Cochrane.*) The fact of two or three farmers combining would not give any greater security to the insurance company. It would merely reduce their cost of collection?—That is all. It reduces the insurance company's expenses and trouble.

779. The combination is necessary on the part of those who desire to insure at a lower rate?—Yes.

780. Where it is a very small man, like a blacksmith in a village, he might find nobody who would co-operate with him?—That is quite likely.

781. He would therefore be charged the maximum rate, which in his case would possibly be 1*l.* per cent.?—That is quite likely.

782. It might be the highest maximum premium of Class B. workmen 30*s.*; or Class C. workmen 60*s.*, according to the prospectus you have referred to?—Yes.

783. He might have to pay 3*l.* in order to insure one workman?—Yes.

784. It might be the highest amount a tradesman would have to pay for one workman?—Yes.

785. That would be a great deterrent to small people?—Undoubtedly, and this was one of the great difficulties we found in trying to get small employers of labour to insure. We have a great many instances in Lancashire of small farmers with grass farms. The family does all the work all the year round except at hay time, and during the hay month they get one or two extra hay month hands. They pay a hay month man about 10*l.* altogether, and on that they would have to pay a minimum premium of 10*s.* We have been doing what we can to persuade them that it is better to pay the 10*s.* and be quite safe, because the hay month man might meet with a serious accident. It is better to pay 10*s.*, and not to have a permanent disablement, or very lengthy disablement compensation claim to pay.

786. Except for the cost of collection a very much lower premium than 10*s.* would cover the real liability of the casual labourer employed at harvest time?—Yes; managers of leading insurance companies have told me that they really did not care about these small insurances, and that there was a good deal of trouble and bother in inquiring into them. Another point that was brought out in the inquiries I made was that one of the great difficulties in insuring agricultural labourers is the difficulty of getting reliable returns of the wages that are paid. If they could only be perfectly satisfied that the farming class would give them reliable returns of what wages they actually did pay then they could quote lower premiums. A good many farmers do not keep proper books. They do not book all their wages, and so cannot make proper returns at the end of the year, so that they are really paying premiums on less wages than they actually pay in the year, and that upsets the relation between the rate of premium and the risks that the companies are running. That, I think, would be a difficulty that would be experienced by the Post Office or by any Government Department. It would be very inadvisable, I think, for a Government Department to be involved in detective inquiries to see how far they were being done in that way.

787. Unless they could insure at so much per head instead of on a percentage of wages?—Yes, but unless you insure on the percentage of wages paid you open up a very great difficulty in dealing with casual labour of the farm class. I am thinking of large farmers. Take the large potato growers in the Ormskirk and Fylde districts. They get very large staffs, perhaps 20 or 30 extra hands suddenly, just to get up the potatoes. How you can cover that on the basis of so much per head it is difficult to say. If you covered it on the basis of so much per cent. of wages paid, the insurance companies, who offer the most favourable terms, simply put in a lump sum to cover the casual labourers. At the end of the year, if the return of the wages paid is more than the estimate, then the person insuring pays the difference, and if it is less, credit is given towards the next year's insurance. I insure for about 1,100*l.* a year, and that is my basis. That covers the estate and agricultural labour generally. In the meantime, I am fully insured during the year, whether I exceed the estimate or whether I do not, provided that I make a proper statement at the end of the year showing the exact amount of money paid, and make up the difference at the end of the year.

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788. That is a very simple way of insuring casual labour?—It is the simplest and most satisfactory way of insuring casual labour.

789. North of the Tweed we call the casual labourers who dig the potatoes "tattie howkers"?—Yes.

790. One hundred or more would be engaged at a time, and there is a standard rate of wages as a rule in the district. They are paid on a well recognised scale, and the numbers employed would be a guide to an insurance company as to the real amount of wages that they were receiving?—Yes.

791. You think it is an exception now for farmers employing labourers not to be insured?—Yes.

792. You rely to some extent on the opinion of Mr. Tod?—Not on this point. What I say in my evidence pertains to the district of which I have personal knowledge.

793. Mr. Tod is able to give us some reliable information on these matters?—Yes.

794. You would place considerable weight on his opinion?—Certainly.

795. In his locality probably 40 per cent. of the small employers are uninsured?—I cannot say.

796. You think that that is a very undesirable state of affairs?—I do. I think it is very undesirable for anybody to be uninsured.

797. You would like to see them all insured?—I would like to see them all insured, and not only for the sake of the employer but for the sake of the employee. If it is not outside the question, the risk in the case of a small employer is very much greater and more serious than in the case of a large employer. Take the case of a small employer employing one hand. His capital and his income presumably are limited. A serious accident happens to his one servant and he has not the money to meet the compensation, and that is in turn a very serious matter for that servant. The servant of a small employer is running a very much greater risk unless his master is insured. If they only became thoroughly aware of that I think, possibly, farm servants would say, "I will not go to a small employer unless I know "my master is insured, because if I got injured I could "not get compensation."

798. If it could be done on a reasonable basis you think that there is room to give facilities to small men to insure at moderate rates?—Yes, but I think that the question of farmers insuring with the Post Office is a little doubtful unless it can be done on the lines suggested in Mr. Tod's letter.* I would like to draw attention to the idea of the Post Office if it be possible taking it up on some such line as offering a special insurance policy for a special person. At present the general way of insuring is only for the employment. You put down "cowman" or "labourer," and it does not matter how often you change the man. If an accident happens you remain insured all the same. Take a small farmer or a small urban employer going to the Post Office and saying "I want to insure John Jones" or "Ann Smith as my servant for 3," "6" or "12 months," and paying the money and getting that one particular individual insured.

799. Insuring for a week, say?—Insuring for a given period. If you could get an insurance in that way it would be a great boon to householders.

800. And small employers generally?—Yes, and small employers generally. That would cover the risk of an individual servant and would be a very good way of getting over the casual labour question. A person, say, wants to employ an extra servant in his house for a month or two, and only requires to insure that person for the term of the service. I do not know whether that is outside the scope of your inquiry.

801. It is not outside. It is facilities. It is rather a new idea?—This morning I met a friend just before coming here, and he was saying that a friend of his for six months of the year generally only employed six servants, and for another six months of the year his household was usually about twelve servants. If he had to insure all the possible extra servants during the year he would have to insure 12, six of whom were only employed for a certain period. If he could take out a policy of insurance, no matter what the company is, for the normal number, and insure any extra servants for the period they were employed, that would be a very great boon, and so it would be to farmers and agricultural labourers.

802. (*Chairman.*) You mean in the same sort of way as by buying an insurance ticket at a railway station?—Yes.

803. That is the class of facility that you refer to?—That is what I refer to.

804. (*Mr. Cochrane.*) One difficulty in the way of the Post Office undertaking this kind of work is that you think the Post Office would be more hampered by red tape?—Yes.

805. You say that insurance companies must necessarily have conditions in their policies such as receiving notice of an accident within a limited time, and laying down certain formalities in procedure?—Yes.

806. That is on page 3 of the 1906 Act. There is a statutory obligation in the Act of 1906 for giving notice?—Yes.

807. It has been relaxed to a certain degree. In clause 2 of the Act there are provisions with regard to giving notice?—But is not that the notice from the person meeting with the accident?

808. That is the notice to the employer?—Yes, the notice of claim.

809. If such defect, inaccuracy, or want was occasioned by mistake, absence from the United Kingdom or other reasonable cause; the failure to make the claim within the time specified shall not be a bar?—We are talking at cross purposes, if I may say so. The notice that you are referring to is the notice prescribed to be given by the servant meeting with an accident. I am referring to the notice in the conditions on all insurance companies' policy forms. There are two notices. There is the notice of claim from the employee to his employer, and then under all insurance policy forms the employer must give notice or else his policy really becomes void.*

810. The conditions imposed between the Post Office and the employer would not be more onerous probably than the statutory conditions imposed between the employer and the employee?—Are we not still on two different notices. The workman has a limit of six months by statute before he loses his right to claim.

811. Perhaps we are a little at cross purposes, as you say. Do you think it would be difficult for a Government Department to deal in the same way with an employer as an insurance company would?—I am afraid that it might be. Would a Government Department dealing with public money be justified in looking at a breach of a policy form in a broad-minded way, and condoning it?

812. I think that the Post Office conditions would probably be easy for a person desirous of obtaining a policy?—If they were it would be a very good thing. Might I give a little example of what I want to bring out. Take the prepaid telegraph forms. I had a prepaid telegraph form sent to me a short time ago and it was unused. The two months elapsed without my having noticed it. I presented it at a post office. They noticed that the two months had passed. I thought that I would try to get my sixpence back, and I sent the form to the General Post Office, but I got it returned, and they said the two months had passed, and I could not get my sixpence back. I thought to myself, "If insurance is going to be carried "on on these lines, it would be rather serious for "insurers."

813. I do not want to pursue this any further, but may I draw attention to the fact that under the Act, section 2, notice of an accident may be served by delivering the same, or by sending it by post in a registered letter?—Yes.

814. Therefore the Post Office already comes in to some extent in connection with accidents under the Workmen's Compensation Act?—Yes, but that notice would be sent to the employer, would it not?

* (*Note by witness.*) The reasons why I referred to Mr. Tod's letter were firstly his remarks on Co operative Insurance, and secondly his suggestions as to the possibility of taking out an insurance for an individual just as you can take out a gun licence.—W. F. B.

* (*Footnote by witness.*) Sometimes the policy requires that he shall give notice immediately after the accident, and sometimes within a given number of days after the accident comes to his knowledge.—W. F. B.

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815. To the person on whom it is to be served?—That would be the employer, and then the employer would have to send notice to the Post Office if he was insured with the Post Office.

816. Just as he has to send it to an insurance company?—Yes. It is the second notice that I am referring to.

817. (*Mr. Hewby.*) With regard to the combined policy that you were speaking of, does it involve any greater cost or trouble to the insurance company than a policy for a single insurer?—No. That was the reason why it was adopted. They gave one policy, and they only recognise one chief person in the policy. They regard the policy to three or more people as they would regard a policy to one person. It is one policy and one stamp. In fact it puts three or four small employers in exactly the same position as one big employer.

818. (*Mr. Kirkwood.*) Do you think that other insurance companies are likely to follow the example of the insurance company that you mentioned, in giving combined policies?—Four of the leading companies refused.

819. When they find that a large company issues combined policies, do not you think it likely that other companies may enter the field and issue similar policies in order to compete?—If it takes on with the public they will.

820. You think they will?—They are bound to, I think, then.

821. In the evidence which you gave before the Home Office Departmental Committee in 1904, the question was put: "As a matter of fact, do these small "farmers insure or do they not?" and you said "No, "only very few." Now in your evidence here you say that it is quite the exception for the farmer employing labourers in the district you speak of not to be insured?—Yes. That evidence was nearly three years ago.

822. The circumstances have altered considerably?—I think so—very much.

823. Since 1904 the inducement to insure is much stronger than it was before?—Yes. Accidents have occurred that have brought the risk home to farmers.

824. And instead of it being the general rule that very few of the small farmers insure, as it was in 1904, now nearly all the farmers insure?—I think so. I think that possibly more were insured in 1904 than I was then aware of. During the last two or three years the insurance companies have been very busy canvassing.

825. Do you think that the insurance companies cover the whole ground, and that there are very few farmers, especially in the outlying districts, who are not canvassed?—I cannot speak beyond Lancashire from my own knowledge. I could not answer a question of that kind.

826. What do you say with regard to Lancashire?—I should say that my answer is correct with regard to Lancashire.

827. That the insurance companies cover the whole ground?—Yes, I think so as regards farmers.

828. You think the Post Office would not do much business unless they employed active canvassers, and could give lower rates than insurance companies?—That is my opinion.

829. If they could not do both of those things, you think they would not stand much chance of getting business?—No, I do not think they would.

830. Not even if they gave lower rates and did not canvass. You think that a farmer must be approached by a canvasser?—Yes, I think so.

831. That is the first step?—That is the first step. I think that without a certain amount of canvassing they would not exert themselves.*

832. Not even if they were able to get slightly lower rates?—No, I do not think so; not *slightly* lower rates.

833. During the first year in which the Act applies (this year) there will probably be a considerable number of awkward questions arising as to the interpretation of the Acts?—Yes.

834. You consider it undesirable that the Post Office should appear as defendant in courts in actions brought by working people?—I feel that very strongly.

835. During the first year or so there will probably be a large number of cases in the courts?—Yes.

836. And if the Post Office is to enter the field at all, you think that it had better leave it alone until the legal difficulties are settled?—Yes, unless they take the line of giving a general and comprehensive policy that will keep them clear of the possibility of legal proceedings. There are three principal headings upon which I think there may be litigation. First, there is casual labour, of which we know, and then there is, I think, a possibility of disputes under section 1, clause 1: "If in any "employment personal injury by accident arising out "of and in the course of the employment is caused to "a workman." I think that undoubtedly disputes will arise under "accident arising out of and in the course "of the employment." Then in the same section 2 (*c*) we have: "If it is proved that the injury to a workman "is attributable to the serious and wilful misconduct of "that workman, any compensation claimed in respect "of that injury shall, unless the injury results in death "or serious and permanent disablement, be disallowed." I think with regard to that, that there will be cases where it is questionable whether they are attributable to serious and wilful misconduct or not.

837. So that on the whole you think that a considerable number of questions will arise as to the interpretation of the various clauses of the Act?—I think so, undoubtedly.

838. And you think that it is better that the Post Office should keep out of those questions?—Yes, certainly, I think so. Then there is another point with which I have not dealt. It is a question in the case of a domestic servant whether you will have to pay on the wages paid or the salary plus the board. Here is a little legal handbook on the question, which says:—"Until a decision on this Act has been obtained, "masters and mistresses had better assume that the "average earnings include, as we think, the salary "plus the average cost of board and lodging." That is another heading upon which we may get litigation.

839. (*Mr. Denman.*) Do you think that there is any demand for a policy covering only certain risks, and that while the small employer will be content to bear the temporary disablement he will want to be insured against permanent injury or death of his workmen?—I do not quite follow.

840. It may be possible to produce a cheaper policy covering only certain risks such as death and permanent disablement?—Yes.

841. Do you think there will be any demand for such a policy?—No, I should not think there would be.

842. It would not be popular?—No, I do not think so. I think that the popular policy would be the policy obtained by paying a little more and getting absolutely covered.

843. If people insured at all you think that they would insure in this way?—Yes. At present I would advocate the larger policy covering everything—a good comprehensive one including certain common illnesses.

844. You think that the activity of agents is so great that not only in the case of farmers, but also in the case of other rural industries there is no necessity for further facilities for insurance against accidents?—Speaking for Lancashire, I do not think there is necessity. I cannot speak for remote agricultural districts. Lancashire is very populous, and speaking for that district I do not think there is any call.

845. All the districts that you know of are, you think, fully provided with adequate insurance facilities?—Yes.

846. (*Chairman.*) I should like to be quite clear about this question of the accidents insurance ticket. Have you formed any sort of opinion as to the charge that would have to be made for what is almost like a lottery ticket sold by the Post Office? It seems to me that there are no data to go upon?—Have you not the data of the terms that are now being offered by insurance companies?

847. If a ticket is simply bought, how are you to know that an accident has really taken place? I am

* (*Footnote by witness.*) The general manager of a leading insurance company which does a large business of this kind, told me very recently that he thought he would not be far out if he said that not one farmer's policy had been effected with his company except as a result of canvassing.—W. F. B.

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looking at the machinery?—You would have the medical certificate.

848. What it comes to is a policy that would bring you a certain sum of money on receipt of a medical certificate?—Yes.

849. That is the suggestion?—That is the suggestion, roughly.

850. Are there any insurance companies offering that class of thing?—No, I have not heard of any insurance company offering it for risks under the Workmen's Compensation Act.*

851. You say, why not calculate it on what they do offer? I only suggest to you that, perhaps, that is not what they do offer?—One company offers a policy in respect of domestic servants at 4*s.* a year to cover all accidents, payment being made on the scale of the Act. Would it not be possible for the Post Office on somewhat similar lines to insure an individual by name? That is my point.

852. I see exactly what you mean, and perhaps I can ask a Post Office witness, when he comes, if he can deal with it satisfactorily?—Insuring an individual by name for accidents to that one individual is a very different thing from insuring the employment for a year.

853. (*Mr. Davies.*) Would not a great advantage of that be, that you could send round to the Post Office and get a ticket immediately after the accident had happened?—That is a matter you could easily guard against.

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854. As with a licence?—It could be dealt with as a dog or a gun licence.

855. (*Mr. Cochrane.*) We could get evidence on this subject from companies which insure against railway accidents?—Yes.

856. The procedure they adopt would be very similar to the procedure necessary to be adopted under the Workmen's Compensation Act?—Yes, I should think so.

857. The same general broad procedure would apply?—I think so. I should like to add another point that has just occurred to me. Several of the leading insurance companies find it almost impossible to confine their business to one branch of insurance, and they are being driven, in self-defence, to take up others. The Royal has hitherto specialised on fire insurance. They have now taken up accident insurance, and have amalgamated with the Northern Accident Insurance Company. The Alliance and Atlas Insurance Companies have also had to embark upon accident insurance. Workmen's Compensation Insurance is one of the least paying branches of insurance work; and if the Post Office took it up, it is a question whether they would make it pay.

858. (*Mr. Kirkwood.*) You think that the only way in which they can make it pay is by doing other business at the same time?—I would not go so far as that, but there is no doubt that if a company undertakes different branches of insurance, it helps to bring business and the different branches help each other.

* The principle would be the same as that which obtains now in the issuing of insurance tickets at Railway Booking Offices.—W. F. B.

The witness withdrew.

Adjourned till Monday next at 11.15.

General Post Office, Monday, 25th March 1907.

PRESENT:

THE LORD FARRER (*Chairman*).

H. DAVIES, Esq., I.S.O.
The Hon. R. D. DENMAN.
L. J. HEWBY, Esq.
W. G. KIRKWOOD, Esq.
W. G. TURPIN, Esq.
E. RAVEN, Esq., *Secretary.*

Mr. ISAAC CONNELL, Solicitor of the Supreme Court, examined.

Mr. I. Connell.

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859–60. (*Chairman.*) You are, I think, Secretary to the Scottish Chamber of Agriculture?—I am Secretary to the Scottish Chamber of Agriculture.

861. What is your opinion as to the extent to which farmers in Scotland have availed themselves of insurance under the Workmen's Compensation Acts?—From considerable experience I am of opinion that, with few exceptions, farmers have protected themselves by insurance against claims under these Acts, the extent of their liability having been long before now effectively brought home to them by means of (1) advertisements in newspapers; (2) leaflets issued by the Board of Agriculture; (3) active canvassing by insurance agents; and (4) claims in respect of accidents.

862. The only question I wish to ask you about that is this: We were told that probably 95 per cent. of the farmers were insured in some way or other. Would your figure go as high as that?—It would; at least as high, I should think.

863. Is there anything you wish to say generally on that first point beyond what you stated?—I merely might add that I have constant opportunities of meeting with farmers and corresponding with farmers in every part of Scotland. The Scottish Chamber of Agriculture has through itself directly and through above 70 affiliated societies in all parts of Scotland, a total membership of above 18,000 scattered throughout the country. Consequently I am able to speak with some assurance on this subject.

864. Nobody knows I suppose the number of farmers that there are in Scotland?—I should think it would not be very difficult to point that out from census returns.

865. Of your own knowledge you cannot say?—I cannot give you the number.

866. (*Mr. Denman.*) Did the farmers insure as soon as the 1900 Act came into operation?—A large proportion of them did.

867. The number has not been growing recently?—Not quite recently. It has gradually increased of course since it commenced, especially after the passing of the 1900 Act, but even before that Act a great many farmers had insurance. They took out very commonly in Scotland full wage policies. That is to say under the Employers' Liability Act a great many of them had insurance before the 1900 Act came into force.

868. But there was a pretty big increase when that Act came into force?—There was a decided increase when the 1900 Act came into force. It has been steadily growing, till I am convinced that there must be fully 95 per cent. of the farmers in Scotland presently insured.

869. Has the activity of the agents been fairly constant?—Yes, very regular. You see they are paid by results; they are not paid otherwise.

870. With regard to Scottish farmers, are many of the small farmers what we should term freeholders?—By a freeholder I understand you to mean an owner of the property that he cultivates. Is that your meaning?

871. Yes, and owner of his own house and everything?—I should say there is not a large number. There are very few small farmers, I should say, that own their own holdings in Scotland.

872. Would fire insurance ordinarily be effected by a large landlord on behalf of his tenants?—No. The fire insurance of the buildings is done by the landlord as a rule, but in nearly every lease a tenant of a farm in Scotland is expressly bound to insure his stock and produce with a reputable insurance company, and to

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exhibit the receipts to the factor or landlord. That is almost invariable. From my profession and practice I have often had to prepare farm leases, and that is a pretty invariable rule. There is a style for a farm lease according to the farm, and that clause is frequently inserted imposing an obligation on the tenant to insure his produce. That is by way of security for rent, you understand.

873. A condition of that kind would be very rare in England, would it not?—I am not familiar with the English practice.

874. But the general practice is that the actual farmer in Scotland has insurance brought before him in his lease?—That is so.

875. (*Chairman.*) What is your opinion as to the difficulties (if any) which farmers experience in connection with such insurance?—I do not think that, as a rule, farmers experience any greater difficulty in connection with obtaining such insurance than they do in connection with the ordinary commercial transactions arising in the course of their occupation. In fact, it may be said that they are practically relieved of any difficulty in respect that they are keenly canvassed for the business by insurance agents, who put before them prospectuses and proposal forms, and even fill up the proposal forms for them, and collect their premiums. In many cases the agents are manure and seed merchants, bank agents, solicitors, live stock agents, and auctioneers, &c., with whom the farmers regularly come in contact in the course of their business. There are few solicitors and bank agents who are not agents for several insurance companies. Farmers, by their leases, are almost invariably taken bound to insure their stock, crops, &c., against fire, and it is a very simple matter for them to insure under the Workmen's Compensation Acts through the same agent with whom their stock and crop are insured. Generally it is a convenience to farmers to have all their insurances—fire, live stock, and workmen's compensation—through the same agent and company.

875*a*. There is only one question I want to ask you on that. In your experience would they do it cheaper if they did it through the same company. Would they get some form of rebate?—No, I should say not. It is only for the convenience of not dealing with a large number of people. Take the bank agents, they are constantly meeting him, and it is a convenience. He will see that the premium is paid if it should be overlooked. That is one point I have not brought out here. It is somewhat important. Farmers, and I may say others, derive considerable advantage in insuring through a private agent, who happens to be their own agent, because there can be no lapse of the insurance through inadvertent failure to pay premium. A solicitor, for instance, is agent for a farmer and he is agent also for an insurance company. That agent for the insurance company has the knowledge that his client, the farmer, means to renew the insurance, but through a slight inadvertence he has not sent to that solicitor, the agent, a remittance for the premium, but the agent debits himself with it and credits the insurance company. That is a great advantage to, people like farmers, who are a little careless in paying money over. It is a very great advantage. I have found in my own experience as an agent that I have often had just to take it for granted that I would get the money, and I have debited myself, and credited the insurance company with the premium. That is a policy which I do not suppose any State Department could follow, but still that is, I consider, a very great advantage to the farmer.

876. Then to some extent the agent or the banker stands in the way, if I may say so, of compulsory insurance by practically making the man insure when he has forgotten to. He draws attention to it?—He transfers the debt. He makes his client his debtor instead of debtor to the insurance company.

877. Quite so?—And he takes all the risk there may be. Now with regard to farmers, and I know so much about them, there is scarcely a more difficult class to get to attend to business matters of this sort than farmers are.

878. (*Mr. Turpin.*) From what you said just now, I presume you act yourself as agent for insurance companies?—I do.

879. To a large extent?—Yes, to a fairly considerable extent. I may say that my evidence already will bear that out. I state in my proof that there are few solicitors and bank agents who are not agents for several insurance companies. I am a solicitor. You hardly get in the whole length and breadth of Scotland, England and Ireland, a solicitor who is not an agent for some insurance company, or for several insurance companies, and therefore with regard to the question which was put to me, the answer is obvious.

880. (*Mr. Davies.*) You say that generally it is a convenience to farmers to have all their insurances through the same agent and company. Do you think that the Scottish farmer would sooner pay a trifle more if necessary for one part of his insurances to keep them all together?—You will observe the term "generally" is used. There are exceptions.

881. But speaking generally, you think that the farmer would pay a trifle extra, if necessary, to keep all his eggs in one basket?—Well, you know, personal influence and personal favour enter into it. Take the case of his bank agent or his law agent. There is an element of personal influence, and he will not for the matter of a shilling per cent. break from his banker, who can help him in other directions. If the bank agent wants him to pay the extra, he does not quarrel over that trifling difference. I will give you an illustration to bear me out. Many farmers are not content with merely insuring up to the extent of their legal liability. They insure in many cases where there is no legal liability to provide compensation in excess of what is provided under the Statutes. That is under what are called by insurance companies "joint policies." They give compensation in the terms of the Statutes, and they give also compensation up to certain limits where there is no liability at all. Now many farmers avail themselves of these policies. They do not quarrel with a little additional premium.

882. They are willing that their workmen if insured should derive greater benefit than the Act provides for?—Undoubtedly, and I mentioned that before the Act came into force, many of them had policies.

883. You say that the Scottish farmers are a little neglectful of some business matters. Have you any experience of English farmers. Can you compare the Scottish farmers with English in any way?—I have a brother-in-law who is an English farmer. I have been ou his farm which belongs to himself, and I have come in contact with a great many English farmers, and I think there are a great many English farmers just like Scottish farmers. I should not think that substantially there is any very material difference.

884. The Scottish farmer would be about as business-like as a non-farming Englishman. The Scotch as a nation are much more business-like than the English are as a nation?—I will take that from you. We have a good conceit of ourselves in Scotland.

885. (*Chairman.*) I have the figures here of the Census for 1901, and the figure for agriculture of the number of farmers and graziers is, males and females together, 53,000. You say your Society represents 18,000?—Above 18,000. Fully 18,000 we represent.

886. There seem to be a large quantity. You really cannot say from a census return who these people are?—But we do not pretend that the Scottish Chamber of Agriculture and Associated Societies comprehend every farmer in Scotland—not at all. It would be outrageous to suggest that.

887. No. There are, according to this, 53,000 people returned as farmers or graziers?—That will probably be about right. You see here is a body that has such a large membership, and from that you are able to assume that the views I have expressed would be held by the great majority of our members and of those that we do not have upon our list.

888. Have you anything to say as to the difficulties of insurance agents in getting such business from farmers?—These difficulties are, perhaps, greater in the case of farmers than in the case of other classes of business men, in respect that farmers are scattered widely over the country, and in some cases living remote from towns, but so keen is the competition for this class of business that the difficulties are bravely faced with the results above indicated.

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888*a*. Would you say that that applies to the graziers of the Highlands, as far as you know?—Yes, to a lesser extent, but then there is not a large amount of that insurance in the Western Islands. I wish you distinctly to understand that I have no personal experience of insurance in the Western Islands, but I have not heard any complaint whatever about insurance there.

889. The law extends to there, too?—Yes.

890. An individual grazier who employs a hand will be responsible for him there?—That is so.

891. And therefore, so far as this Committee is concerned, we wanted to find out, as far as we possibly could, how far there were facilities?—I can tell you that nearly every estate factor has an agency for insurance.

892. You mean in the Lewis, for instance on the Matheson estates?—All over the country. Nearly every estate factor—that is what you call a land agent—has an insurance agency, and the insurance companies are, I know, constantly on the alert to get any new factor or estate agent to take up an agency.

893. He would like his commission, too?—Yes, and it does not matter in what part of Scotland it is, you will find that there are facilities. I know personally about Orkney and Shetland. There are a great many insurance agents even for small companies there. I cannot speak for the Western Islands, but I have no doubt the same conditions prevail there as in Orkney and Shetland.

894. (*Mr. Denman.*) What other small employers might there be who would have the same problem of insurance as farmers?—Practically every employer in the country must now, of course, insure, so that they are all very much in the same boat.

895. Are there many small scattered industries in Scotland where you would have an employer employing three or four workmen?—It is very common to have shopkeepers who employ very few hands, and of course all domestic householders have one or two servants as a rule. I should think that would be the average number. There must be an immense number of cases throughout the country where there are only one or two hands employed.

896. Do you think they would have any difficulty in getting facilities for insurance?—Absolutely none.

897. There is really no industry more scattered than that of the small farmer?—I should say that is so. Talking of that again, a movement is on foot for co-operation, which will be developed in the interest mainly of small holders, and no doubt that movement will interest itself in connection with insurance also.

898. (*Chairman.*) What are the usual terms for effecting such insurance?—The usual terms of insurance merely cover legal liability, for which the ordinary rate is 6*s*. per cent. on the wages and other perquisites earned by employees. Many companies, however, offer to issue what is called a "Joint Policy," which provides not only compensation in accordance with the Statute, but also certain compensations where there is no liability. These additional compensations generally amount to half wages for twenty-six weeks and in fatal cases one year's wages not exceeding 100*l*. In all my experience I have scarcely ever come across a case of dissatisfaction on the part of a farmer who has taken out an insurance in respect of the terms of his insurance. Practically the only case in which I have had difficulty is where a claim has been made for full wages on the ground that at common law the farmer is bound to compensate his servant to that extent where he is incapacitated for work by accident. Some companies are prepared to issue full wage policies from the date of the accident at a premium of 12*s*. 6*d*. per cent. I may add that I am of opinion these premiums are not more than adequate to cover the respective risks in a reasonable way. It may be found that they are inadequate to meet the increased liability under the Act of 1906.

898*a*. Is there any agricultural employment in which the companies are asking for a higher premium than whatever is the maximum which the Scotch companies are now proposing to charge? For instance, would a threshing machine employee be charged a higher premium, or are they proposing to charge practically a blanket premium for all sorts of agricultural employees?—I am not able to answer that question.

899. You do not know?—I do not know.

900. I thought you said that you were an agent for certain companies?—Yes. So far as my agency goes I have not heard of any such proposal. My impression is, that if there is any increase in the premiums which I have stated, it will be a very slight one. If there be any it will be very slight.

901. Let us take the thing as it stands to-day. Are you charging any considerable difference in your premiums for different classes of farm or agricultural labourer?—I have not had any case in which any additional charge has been made, where there was a steam-threshing mill fixed, or a boiler and machinery on the farm. I have not heard of any case in which an increase was made for them.

902. (*Mr. Kirkwood.*) We were informed the other day by a witness that one of the leading insurance companies was issuing a policy to include more than one farmer, so that a few farmers might join together and have a policy issued to include the lot, and that that was done in order to avoid the payment of the high minimum premium. I think it was something like 10*s*. For instance, if four farmers joined together they would get the insurance for 5*s*. each, instead of having to pay 10*s*. each?—Quite so.

903. Have you any case of that kind in Scotland?—I never heard of it before now.

904. There is no company in Scotland that you are aware of that is doing any business of that kind?—Not that I am aware of.

905. (*Mr. Denman.*) What reason have you for regarding these premiums as not more than adequate to cover the respective risks in a reasonable way?—I state my opinion, and I have something to say in support of it. I know that I urged insurance companies that I represent at the beginning of this legislation in 1900, to take farmers rates of 2*s*. 6*d*. or 3*s*. I am sorry to say some of them were foolish enough to do it, and I know that the claims I had to send up in my own agency were so considerable that it could not possibly pay. When the rates were almost by unanimous consent increased practically double, I did not find any difficulty with the insured in paying, because the previous rate was perfectly out of the question. I am speaking from experience I have had when I express that opinion.

906. How long has the rate of 6*s*. existed?—For two or three years, I think; for three years, perhaps.

907. What sort of profit would you say that yielded?—I had better not go into that. You might get some other body to say different, and you might compare his figures with mine. I do not make up insurance balance sheets. In my opinion it is not more than is adequate fairly to cover the risk involved.

908. Is there any growth of mutual companies to cover this risk?—I generally find that there are some small companies that are prepared to under-cut. I am not going to give you the name of one of them, although there is one distinctly in my mind. I believe that its 1*l*. shares have practically no market to-day, for the reason that nobody has any great confidence in it; and then there is the further question that that company cannot be a safe company to insure with, because you may have life-long liability in a permanent case. I think that it is dangerous to place this class of insurance with a small company that does not possess abundant capital, and which has not fixed rates on experience.

909. There will probably be a tariff amongst the Employers' Liability Companies shortly, will there not?—Yes. It may be a very good thing. I think that the tariff in fire insurance has generally been looked upon as a pretty good thing. Of course, it is possible to carry a tariff too far, but my opinion is that the country will be protected against tariff by other companies starting up. That is happening every day. I have had two or three prospectuses within the last month of new non-tariff fire companies. Two of them are making a pretty strong beginning, and I think in that way the tariff is bound to be modified and kept within safe limits.

910. Do you know of any case in which non-tariff companies have succeeded in modifying tariff rates in

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respect of fire insurance?—I cannot go into that, but I know the tariff companies pay considerable attention to the bringing into existence of these non-tariff companies, and I know that the tariff companies are paying attention just now to the action of non-tariff companies in connection with this particular business of workmen's compensation.

911. To turn to a slightly different point—there is a great deal of temporary employment among farmers?—That is so.

912. And the farmer still has to pay his 10*s.* minimum premium for a man who is taken on for a month?—That is subject to qualification. All companies have not that minimum premium. I mean that all companies do not insist on the 10*s.* minimum premium.

913. Under the tariff I understand there will be a minimum premium fixed?—I cannot speak of what may be. I can only speak from past experience. There has been no tariff that has compelled companies to impose a minimum premium, but on that point I think it is perfectly defensible to have a minimum premium. The same trouble is involved in the preparation of a policy. There is the same stamp duty, there is the same printing, there is the same expense of sending policies and attending to small claims, so that, altogether, I think the principle of a minimum premium is a just one.

914. You do not think that minimum premiums will have the effect of making temporary employment more difficult, and of injuring the workman in that way?—Every charge that is made against a person may be said to be an injury to him, but the question is whether it is commensurate with his benefit, and I think that it is in this case. After all, the temporary employment is at harvest time. They only pay some special harvest fees at harvest time, and in the great bulk of cases they have other servants. I should think—I know in fact—that this minimum premium question does not apply to an enormous number of people. It applies to a fair number, but I should not think that it applies to a very large number.

915. (*Chairman.*) What is your experience as to the facilities offered by insurance companies?—All over the country insurance companies have an enormous army of agents constantly pressing for business. They have also a large body of inspectors of agents constantly going about, and it may be said that there is no part of the country in which it is not easy to find an agent of a reputable company. It is a common experience to be canvassed by half a dozen agents of different companies. The companies not only issue prospectuses, proposal forms, &c., but they also advertise widely in local newspapers, and in many cases they supply signs and door plates on which their agents display the name of the company they represent. The insurance companies also issue by post enormous quantities of literature to likely insurers.

916. (*Mr. Turpin.*) If the insurance companies undertake all this work there is more expense?—I think there is a considerable expense, a part of which goes to the Post Office.

917. Therefore that shows that the premium must be higher than is absolutely necessary for the risk?—I do not know that I should say that. If that expense is unnecessary then your statement of the case is correct, but in order to cover the ground they find it necessary. But there is this to be kept in mind—that a good deal of this work does not make any difference in the expense or rate of premium, because although you have six agents canvassing for business, you have only one who earns commission, and that is the one who gets the business. They are keen, and they all want to develop their agency of course. I had a case the other day of a bank agent speaking to me who said that he was constantly bothered with the pressure of companies to get him to take agencies. That is going back to what I was saying before. A man who was recently appointed a bank agent told me that.

918. There is the agent's commission, there are the prospectuses and proposal forms, printing, doorplates, and advertising. If the State undertook it they would not have all those expenses?—Perhaps the best answer I can give to you about this which disposes of a good deal of what is apparently in your mind, is that few companies confine their operations solely to this business. Their advertisements and their printing and all this about door plates and so on are largely in connection with other business—fire, life, and so on, and personal accident, and the agents are going about and the literature is circulated at any rate. They put on their prospectuses the different classes of insurance, and this is included very frequently among them. So that the added expense is not so great after all. The agents are calling and the inspectors are calling for other departments of the insurance companies business at the same time.

918*a*. (*Chairman.*) What is your experience as regards claims and their settlement and litigation in connection therewith?—The settlement of claims is frequently matter of difficulty, and generally requires considerable experience and expert knowledge, and thorough familiarity with the terms of the Statutes and common law affecting workmen's compensation and employers' liability insurances. It is apt to be supposed that claim settlements under the Workmen's Compensation Act are simple matters of routine, but this is not so, and settlements under the Act of 1906 will in some respects be more difficult than under the Acts now in operation. It requires also to be kept in mind that frequently claims emerge under the Employers' Liability Act and common law, and that out of these claims troublesome litigation often results.

918*b*. Do you think that the Post Office can usefully render service in connection with the matter?—I am of opinion that it cannot, and that the present insurance companies effectively do all that is required in a reasonable and satisfactory manner. I have never heard any complaint made by a single farmer about facilities for effecting this class of insurance. If it were a simple matter of effecting Workmen's Compensation Insurance it might be possible for the Post Office to afford some facilities, which would, however, I think, not be largely taken advantage of unless the Post Office officials are prepared to undertake keen canvassing for the business. As, however, you never find that insurance effected separately from insurance under the Employers' Liability Act and common law, there are complications introduced which render it at least inexpedient that the Post Office should undertake this work, which would require the establishment of a separate insurance department with an enormous staff of highly paid experts. There would also require to be a good deal of litigation, arbitration, &c., which it is not, I think, desirable that the Post Office should mix itself up with. In order to economical management, it is frequently necessary to deal more expeditiously and readily by compromise with claims as they arise than is usual with Government departments whose officials are quite properly, I think, bound to follow well-defined rules, and dispute all claims which cannot clearly be established in a court of law. This, to my view, indicates this business is not of such a nature as can with advantage to the public be undertaken by a Government department.

919. Of course you are aware that other countries have Government insurance and settle claims. Your objection is specially to its being done under our existing state of society, as I understand?—Yes, and I think that foreign countries, say Germany for instance, have quite different ideas of things from what we have. The military system seems to permeate all their social ways more or less. They have a different system with regard to poor law administration I think, and a thing that would probably not go down here. I do not think it follows that what prevails in foreign countries would succeed or be desirable here.

920. The reason why I ask you that question is that you have just said, "You never find that "insurance effected separately from insurance under "the Employers' Liability Act, and common law"?—I am speaking of course of this country, my lord. You never find it in this country, and I am speaking with reference to this inquiry.

921. And Scotland is, I suppose, what you may call a specially individualistic country?—I know that that is so because of the difficulty of getting Scotsmen to interest themselves in the agricultural organisation movement. There has recently started a Scottish Agricultural Organisation Society, Sir John Gilmour of Montrave is the President; Sir Horace Plunkett addressed its first

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annual meeting in Edinburgh the other day. I am on the executive of the Society, and I can say it is very difficult because of the individualistic and independent spirit of the Scots farmer to get him to interest himself in the movement. The difficulties attending claim settlements under employers' liability and common law are inseparable from insurance under the Workmen's Compensation Act, because all these insurances must be effected under the one policy, or at all events with the one company, and never a case has been heard of, so far as I know, of workmen's compensation insurance with one company and employers' liability and common law insurance with another for the same person.

922. I see your point. I presume there might be cases in which the State might take a limited policy with less difficulty than one that opened up all these questions which you have very properly suggested in your evidence?—Yes. My point is raised as an objection to the State attempting workmen's compensation business because they would never get their business unless they were also willing to include employers' liability and common law.

923. That is as far as your experience has gone?—It is the universal experience in Scotland and in England.

924. The State have never tried it, I think?—No, but my point is brought out in this way—that, not speaking of the State nobody will place workmen's compensation assurance except with the same body or company who has the employers' liability and common law assurance. The reason is plain—that the liabilities merge into each other. You may have a case which is just on the border lines of common law or employers' liability or workmen's compensation. They intertwine as it were. On the one side it may be employers' liability, and on the other side it may be workmen's compensation, and then there would be a fight between two bodies as to who is to pay, and people will not have that. The same rule holds to some extent, though not to the same extent with regard to third party claims. I have a client who has workmen's compensation insurance, and he insists that third party claims, that is, claims of outside people due to accidents for which he is responsible, should be all insured against in one company along with this workmen's compensation insurance. That is a natural feeling.

925. Does that equally apply to fire insurance?—Not to the same extent, my lord, but it runs through it. All things being equal, they prefer to deal with as few agents as possible.

926. And one banker probably. This practically finishes the general position. Have you any experience of mutual associations for insurance in Scotland?—There have been one or two, perhaps, but I am pretty sure they have never come to very much.

927. You know, probably, that the Caledonian Railway has one?—I do not know, but I can quite imagine that a few big bodies would insure their own workmen because they are able to strike an average.

928. That has not come under your personal experience in regard to agriculture?—No. I think there is a very good reason in the case of agriculture. It is scattered, and we could not bring all farmers into one body. We could perhaps attempt it under the Chamber of Agriculture, but it is not thought worth it.

929. I will continue the line of argument that is in my mind. The reasons you give for supposing that the premiums charged to individuals will not be excessive under a system of private insurance are, broadly, that competition will continue between the companies?—Take the case of fire. Even though there is a tariff, companies do not as a rule charge exorbitant rates as far as I am aware. There is a tariff now. They might charge 3*s.* for insuring furniture instead of 2*s.*, but they do not under the combination. They charge what appears to be reasonable.

930. But I think you told us that in the case of fire there were distinctly cases where fresh companies were being started outside the tariff?—Yes, that is so.

931. Do you think that in this new form of insurance there is no danger of the companies forming a ring and putting up rates without any competition from outside? I ask you that because you say you do not think that there is any large mutual insurance in your business at any rate?—I just feel that no body or combination can for long in this country go on reaping extravagant profits and making excessive charges without outside competition coming in and keeping things moderately right. That is my impression.

932. Capital is free to move?—Yes. I think that the public would cry out so much in this country against extravagant premiums and the burdensomeness of them that the country is safe if left to open competition.

933. Is there considerable competition for business among various insurance companies at the present moment in your agricultural work?—Yes.

934. Should you say that most of the companies compete in Scotland as in England?—I thing it is very much the same both in Scotland and in England.

935. Do the English companies do their work over the border to any extent in Scotland?—Yes; all the big English companies have branches in Scotland, and there is an abundance of companies undoubtedly.

936. (*Mr. Denman.*) Your views on these points are largely questions of political philosophy. Your objections are more to State interference altogether than to the State taking over this particular form of insurance?—I would rather not follow you in the statement with regard to political philosophy. I think that my answers are practical and to the point without going into the philosophy of it.

937. It is not necessarily a question of the absence of militarism in England, I suppose?—No, not at all. To explain, I have had my attention directed to a system which is known as the Elberfeld system of poor relief. It has been frequently heard in that connection that it is possible enough in Germany, but impossible in Scotland, and the difference consists in the habits of obedience which the military system has trained the German to follow. That makes the difference. I mention that to show that what applies abroad may not apply here.

938. State fire insurance is successful in New Zealand, where there is no unduly military spirit, I believe?—I am strongly against this country embarking on lines of business which the public are capable of doing just as well. It is a vast mistake, in my opinion, and we should seek as far as possible not to set the State against the individual. My own impression is that it would not advantage the country one bit for the Post Office to meddle here.

939. On another question you raise, I do not think there was any intention of separating insurance under Employers' Liability Acts and common law from insurance under Workmen's Compensation Acts. Are there special reasons why the State should not take over insurance against the risks under the Employers' Liability Act?—I have indicated the difficulty, namely, that under the Employers' Liability Act you get into more of the strictly legal region. You have frequently very fine technical legal questions as to whether there is liability or not, and on a number of these questions you have very often litigation and jury trials, and then I think from my experience of our Government departments that they are very methodical, and properly so, and pretty slow, pretty exact, creditably exact, but they are not like insurance companies able to do this business with that expedition, which I think is a great advantage. I do not think that the State will allow you in any way to compromise cases unless you are pretty confident that you have no defence or no sufficient defence. With regard to the Inland Revenue Department see how stiff we constantly find them in dealing with claims. I do not object—it is their business. They are put there to do that. If the same methods that prevail in the Inland Revenue Department are brought into this insurance business things will be at a deadlock.

940. Of course the Post Office is acquainted with the settlement of claims of different kinds?—Such as ——?

941. Parcel Post damage, for example. They conduct the insurance of goods in transit, and settle claims?—State intervention is not very desirable. Just take, for instance, the records of the court and the contested cases about which there is litigation. Is it a desirable prospect that the State should appear so constantly in the courts as the insurance companies find it so necessary to appear?

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942. The State need not necessarily appear. It is the employer who appears?—But the State would be behind the employer.

943. It need not necessarily transpire in any court of law, need it?—Yes, I am afraid that very often it must. It would be fairly well known, I think. For one thing, under this Act there is the provision that if the insured should become bankrupt the party claiming can call upon the insurer, and besides, wherever it is doubted that he is able to contest the case then they want to know who is behind him very often for the purpose of expenses. At any rate I know that it would be impossible to carry on this, doing justice alike to the country and to the insurer, without frequently disputing and litigating about claims.

944. A Government Department is not wholly unacquainted with courts of law. I do not see that it is necessarily an insuperable objection that the Post Office should sometimes have to urge an employer to fight a case?—But you have to fight it for him—that is the point. He does not fight; you have to fight it for him, at all events by the present policy. I do not know if that is not an objection also to the State interfering. The companies at present really take over the fighting and the defence, and relieve the insured of all trouble and responsibility, that is the position. The solicitors or agents to the insurance companies take over the whole thing.

945. Do you find that claims are liberally settled?—Yes, I do.

946. You receive no complaint?—I would not say no complaint.

947. No complaint of a somewhat ignorant assured being bullied into accepting an unduly low sum?—No, I should think that with regard to all reputable insurance companies, it may be taken that there is fair dealing in the settlement of claims, and perhaps frequently even generous dealing, in order to save dispute and litigation.

948. (*Mr. Davies.*) You say that the settlement of claims is frequently a matter of difficulty, and requires considerable experience and expert knowledge?—Yes.

949. Is that experience and expert knowledge required on the part of the agents of insurance companies?—Sometimes, because quite a number of the insurance companies instruct their agents when they are men of any capacity, and are known to have capacity to deal with the settlement of claims. They go into it, and ask the agents to see the insured, and see the injured person and try to come to a settlement.

950. In your experience, does the local agent play a very important part in connection with the settlement of the majority of claims?—No, I should not say that that is so.

951. A great many claims would be settled without the intervention of the agent?—He generally knows what goes on, and all companies do not act alike in that respect, I understand. Some of them make more use of their local agents than others.

952. Yes, but a large proportion of claims would be settled without the need for diplomacy on the part of the agent?—You see there is the point, that it is sometimes advantageous to a company to let an agent settle. It keeps him in touch with the assured, and they follow the policy which is considered best, but they differentiate. One agent who has some aptitude and experience would have the whole thing left pretty much in his hands in many cases, but it all depends.

953. But does it remain that a great many claims are settled without reference to the agent, or without using the agent as a means of settlement?—Yes, undoubtedly.

954. A large proportion are settled in that way?—Undoubtedly. I mean without the intervention of the local agent, through whom the business is had.

955. Quite so. The settlement of all claims requires experience and expert knowledge, but in the case of the majority of claims that experience and expert knowledge are supplied from headquarters?—You see, insurance companies doing a fair amount of business, have an expert department for settling claims.

956. Quite so?—They have claim inspectors, and they have inspectors of agents, and they are constantly moving about, and they sometimes refer these things to them. They send people with expert knowledge very often to settle.

957. A great deal of the work for which the local agents are called upon (not introducing them as experts), could be done by the ordinary local post office officials, I suppose?—No.

958. Why not?—Before I answer I should like to ask you if you mean settlement of claims.

959. No. You have told me that a large proportion of the claims are settled really between the insured person and the insurance office, the agent not coming into it in any way?—Yes, quite so.

960. If the business were done by the Post Office that large proportion would be settled between headquarters and the insured directly without complication?—It does not follow that because the local agent is not brought into it the settlement is without complication.

961. Quite so?—I should think that the most complicated questions are the ones that the local agent does not meddle with.

962. But from the summary of your evidence I take your point to be that the local post office people would not be up to dealing with the complications that agents often deal with?—I do not say that at all, but it is true all the same to a considerable extent, because the agents are very often bank agents and solicitors and people who are well up in much more complicated and difficult questions than arise generally at a small country post office.

963. Yes, but is it your point that the Post Office would fail at headquarters or that it would fail locally with regard to this business. That is what I want to get out?—Are you confining it to claims? I do not deny that the Post Office can employ and pay as well as any insurance company. I am only pointing out that as presently staffed and constituted I do not think the Post Office can do it properly. They have unlimited funds behind them, I suppose, and, if the State chooses to say that the Post Office is to become an insurance company no doubt it can be done. It would be absurd to suggest the opposite. You can employ all the present staff of the existing insurance companies if you like.

964. The Post Office has some experience of insurance business. It does life-insurance business?—But I do not suppose that it pushes very much for it. I do not think it has affected the other life-insurance companies.

965. But it has the experience which would enable it to do a very much larger business, and if your point is that headquarter experience and headquarter knowledge would supply the deficiencies of the Post Office which are in your mind, that is all I want to get at?—Well, you see, I am not professing to know what the experience and qualifications of the head office staff of the Post Office are. I do not know, and therefore I cannot answer. In order to get an answer you must have somebody that does know.

966. I want to be clear. It is not on the obvious unfitness of the local post office people that your objection is based, but on something more behind that?—To put it shortly, I think that the local post office and the head office of the General Post Office have not presently the experience of transacting this business, and I do not think they can get it without revolutionising pretty much their hitherto methods, that is to say, undertaking a huge separate organisation for insurance.

967. But if the necessary expert knowledge were available at headquarters do you think that the local agents of the Post Office could do the rest?—I am not sure that I would go that length. No, I do not think so; my answer to that question would of course partly depend on what is to be done. If the Government were to say "there shall be compulsory State insurance, and "no insurance shall be effected anywhere else than the "Post Office," things would have to adapt themselves to that condition of affairs; but my answer is on the supposition that the State is not to do that. If, therefore the State is not to do that, the Post Office local agents are not adequate to the necessities of the case.

968. You say it would not be fair for the State to interfere at present. That is really your objection, is it not?—I do not know that I have said that.

969. I am afraid that I must give up the attempt to find out exactly what it is you do think on that?—I am

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only pointing out that I do not think I said anything of the sort. I did not deal with the question of fairness.

970. (*Mr. Kirkwood.*) If the Post Office were to undertake this insurance business, I understand that you think it would be necessary for them to canvass largely?—Provided that they are not the only channel.

971. If they undertake it in competition with insurance companies, you think it would be necessary for them to canvass largely in order to make it anything of a success?—Yes, I think so.

972. They would not get any business I suppose worth speaking of, if they did not employ canvassers, but simply open their various sub-offices or post offices in the country for the transaction of the business and did not employ people to canvass actively?—I think so.

973. There would be very little business done?—That is my opinion. I do not know how much is done in life insurance through the Post Office, but I do not suppose you canvass for it and I do not suppose there is much done.

974. Do you think that would apply to business such as the insurance of domestic servants?—You could send round the postmen who could hand in leaflets. That is perhaps the simplest illustration you could possibly get, but even there the householder has fire insurance for furniture and the agent who has that has been at the householder already. I do not think that people would prefer the Post Office. They often insure with people who have a connection with them in other ways than a State Department can have. The personal element comes in.

975. You do not think that even if the Post Office undertook domestic servants insurance only and made it known by means of notices sent through the post or by means of postmen, they would be likely to obtain much business in that way?—I am pretty confident they would not, assuming that their rates were very much what are at present charged.

976. If they wished to obtain a considerable amount of that business it would be necessary for them to charge lower rates than the other insurance companies?—Undoubtedly, and in addition I think they would also need to press a good deal. The small additional premium does not count for much where you introduce the personal element. A person has given a favour or can give a favour and deals with them in other business connections and they have interests intertwined and they often get insurance business placed in that way.

977. Are you satisfied in your own mind that with regard to domestic servants throughout the country this insurance can be undertaken by the existing insurance companies—that they are fully competent to undertake the whole of the insurance?—Undoubtedly.

978. And there is no necessity for the Post Office to undertake the insurance at all?—Absolutely none. I do not suppose there is any doubt that nearly everybody is insured against fire, and as I have said the same agents can quite simply insure, indeed having got people who are already insured against fire, they have them in their books or on their list. They can be all covered by literature at once. They send out renewal notices all over the country to reach them all. The mere fact that fire insurance has been so cheap, and is universally taken advantage of, has brought everybody who has anything to insure into touch with insurance, including nearly everybody who has a domestic servant, and therefore I think there is no need of bringing in the State.

Mr. I. Connell.

25 March 1907.

979. (*Mr. Hewby.*) You said that settlements under the Act of 1906 would, in some respects, be more difficult than under the Acts now in operation. Could you indicate the respects in which special difficulty is likely to arise?—Certainly. It may be interesting to say, if I do not take up too long, that under the Scotch law or court-made law it has hitherto been held that in determining the weekly compensation which a workman is entitled to if he has only worked for two days and earned 10*s.*, you have to put down the 10*s.* as his average weekly wage and give him half of that, 5*s.* That has been the law, and is the law to-day in Scotland according as the Scotch courts have interpreted the Workmen's Compensation Act of 1883. In England it is different. They take a wider view of what is the average. Under the new Act of which I have a copy, all this is changed to some extent towards simplification, and certainly towards uniformity of action, but you have now to go further afield to find out what the average weekly earnings have been. You have sometimes to go not to the immediate employer, not to the present employer, but to previous employers, and in that connection there will be very frequently difficult questions and investigations under the First Schedule of this Act. What are the average weekly earnings will now be a matter of extreme difficulty, such as it is not easy to expect a rural postmaster to undertake.

980. And it may even give rise to litigation?—Undoubtedly; and then again there is the question of paying into court. In fatal cases the money has now, I think, almost always to be paid into court.

981. And though, as Mr. Denman has said, the Government is not unacquainted with courts of law, you would not think it desirable that the Government should enter on a branch of business in which it would appear as using the public money for the sake of contesting claims of private persons in an ordinary matter of business?—Yes, that is my view.

982. And if in consequence of that view being taken, the State refrained from contesting these cases, it would have to put up with accepting a liability which the private insurance companies do not put up with?—Sometimes.

983. (*Mr. Turpin.*) You say: "In order to economical "management it is frequently necessary to deal more "expeditiously and readily by compromise with claims "as they arise"?—Yes.

984. By compromise do you mean the insurance company offering less than a man would probably get if he waited?—Generally more.

985. More than he would get if he waited?—Yes. There is the great saving of expense in litigation, and investigation, and doctors. I will give you an illustration. Here is a case where a man meets with an accident, and he raises a question under the Employers' Liability Act instead of under the Workmen's Compensation Act.. Very often a certain class of solicitor encourages that policy, because he gets fees. It is often necessary that a pretty large and generous offer be made in order to choke off that class of litigation. I believe that it pays in the end to deal generously, because although a bigger sum is paid there is a great saving of litigation and expense, and the man is generally better off in the end.

986. (*Chairman.*) Have you anything further to say?—I do not think so, my Lord.

The witness withdrew.

Mr. GEORGE G. GLARKE examined.

Mr. G. G. Glarke.

987. (*Chairman.*) I think you have been engaged in the coasting trade for 20 years, and are secretary of a local Shipowners' Mutual Assurance Association?—That is so.

988. At what place is that?—At Braunton.

989. In what county?—In Devonshire.

990. I think you have come to give us evidence as to the general state of the small sailing and coasting trade. How many ships are there that you represent registered, for instance, at your port?—At our port there are about 125 ships.

991. Of which, how many are sailing and how many steam?—All sailing.

992. Engaged principally in the fishing trade?—No—in the general coasting trade.

993. Carrying coal and other goods?—Yes.

994. They are registered at your port?—I cannot say that they all are registered at the port. They belong to the port. Some are registered elsewhere although they belong to the port and are owned in the port.

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Mr. G. G. Glarke.

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995. When you say coasting trade, do you mean, for instance, a trade similar to that of carrying a cargo of coal from Newcastle or the East Coast ports to London. Does it extend as far as that class of trade?—No. Our trade would not extend as far. Some of our ships would come to London in the general way of coasting, and bring cargoes of clay here and take away manure and cement and other commodities of that kind.

996. None of your boats are engaged in a regular line of trade, I suppose?—Not to London.

997. Take the Jersey potato trade. Would they go to Jersey and take the cargo to Holyhead or Liverpool?—Not in the regular course. They would go to Jersey, and do.

998. Are they purely what one may call tramp sailors. Have you no regular trade year in and year out?—Generally speaking, they have no regular trade.

999. The whole 125 boats are engaged in picking up a living from coasting along our shores?—That is so.

1000. Not trading to France?—No.

1001. Nor to the Channel Islands, except occasionally?—More particularly they are engaged in the three Channels—the Irish Channel, the Bristol Channel, and the St. George's Channel, and the Irish ports.

1002. I am ignorant as to the method of the trade, so I will ask you how a man finds out where to go?—He would inquire at his broker's office.

1003. And the broker would have information of where ships were needed for a cargo?—That is so.

1004. You wish to speak of the difficulty that is experienced in obtaining reasonable terms for the insurance of small general coasters, that is, the insurance of the ship and cargo?—Yes.

1005. You have had difficulties with regard to that, but we are dealing simply with the question of the workmen employed on those ships?—I understand that.

1006. You say that you have formed a mutual insurance society, and you propose to tell us as to their success and position before we come to the new Workmen's Compensation Act. Your mutual insurance societies were formed, I presume, because of the difficulty that you found in getting ordinary insurance companies to take up your case?—Yes. It was on account of the high rate that was charged principally.

1007. Did you apply to several companies?—Yes. They are pretty well on a par as to charge.

1008. You found that their rates were nearly the same?—Yes.

1009. Did you apply in London, or did you get your brokers to apply?—We applied to Lloyd's. They are the people for shipping risks generally.

1010. It was Lloyd's terms that were so high?—Lloyd's terms are the highest.

1011. And you applied to others as well?—Yes, we applied to others as well.

1012. May I ask how many persons there are in your mutual society for ship insurance? Is it the whole of the 125?—No, 50 of them.

1013. For how many years has that been going on? It has been going on for nine years.

1014. Have you had any losses?—Yes.

1015. And, notwithstanding those losses, your mutual insurance society has proved beneficial in the way of money to your insurers?—Yes, in the proportion of 3 per cent. to from 6 to 8 in Lloyd's. I am speaking of total losses now.

1016. That is to say, it has only cost you half the money that it would have cost to insure at Lloyd's. Is that, roughly, correct?—Yes.

1017. That is a mutual insurance society. Was that scheme drawn up by lawyers?—No.

1018. A purely voluntary mutual insurance?—Yes.

1019. I am afraid I must ask you this. I do not want you to tell any secrets of your private trade?—We have no secrets.

1020. How are you certain that your insurance will be paid by the persons in your trade?—We take a deposit at entry.

1021. Is that a mortgage on the ship, or what corresponds to it, or a lien on the ship?—It is a money deposit. We have a deposit of 3 per cent. on entry, and the losses are made up from calls.

1022. Have you ever any difficulty from any of your members going bankrupt?—No.

1023. That has not occurred?—No.

1024. Nor from a member leaving the association?—No.

1025. It has simply been that you have made a better insurance by a mutual arrangement than you would have made with Lloyd's?—Yes.

1026. Have you since heard whether Lloyd's have reduced their premiums at all?—I do not think they have.

1027. So much for that. No doubt other members of the Committee will ask questions upon it?—I should have said that there is another similar association in the port which practically insures the whole of the tonnage, taking the two associations.

1028. Is that a mutual one?—Yes.

1029. You have two mutual associations which practically cover the whole of the 125 ships?—Yes.

1030. So much for what has been done on the question outside our Committee. We now come to the new Workmen's Compensation Act. You think that the mutual societies are unsuitable for having a risk under this Act applied to them?—Yes.

1031. Is it the case that you have applied to insurance companies for quotations for shipowners' risks under the Workmen's Compensation Act, and that you have been unable to obtain such quotations?—Yes, that is so.

1032. They have answered that they will not take the risk of seamen?—The reply has been that they either are not quoting at present, or that they do not intend to quote at all. I can get no quotations at present.

1033. Has that led you to consider whether you can form an insurance under your mutual association?—That is the only alternative if we cannot get any company to cover the risk.

1034. What do Lloyd's say about it?—I can get no reply from them at all. I have had no reply from Lloyd's.

1035. Not from the secretary of Lloyd's?—No, I wrote to them.

1036. Did you apply to a private broker at Lloyd's, or to the secretary?—To Lloyd's secretary.

1037. And you received no answer at all?—No reply whatever.

1038. Did they not acknowledge the letter?—No.

1039. Have you repeated it?—No, I have not written to them again.

1040. It is an extraordinary case. I can understand their quoting a very high rate. How many insurance companies did you apply to?—Four. In the application I asked to be informed if they knew of any other insurance companies that were taking the risk, provided they did not intend taking it themselves. I have not been able to find any insurance company that is taking the risk. I have a letter from Messrs. Holman & Son, who are the largest people in the country, I think, in this kind of business. They say that as far as they know no insurance company is quoting for the risk.

1041. I suppose that you would rather not give us the names of the insurance companies that you applied to?—Certainly.

1042. When you say you believe that no insurance company is quoting for shipowners' risk, it means that they have not replied yet. Have you anything further than that. Do you mean is not going to quote, or is not quoting at this moment?—I mean up to the present.

1043. Do you wish to give us evidence as to the need of being easily able to insure, at a moderate premium, men engaged in barges and boats not registered under the Merchant Shipping Acts?—I think they will have great difficulty in getting insured at all. They have no register and no tonnage.

1044. At your harbour are there no insurance agents at all?—Yes.

1045. They have not approached you in any way?—No.

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1046. Have you approached them in any way?—Yes.

1047. Have they declined to quote?—With the result that I have named. I cannot get any quotations whatever.

1048. The next point is the disadvantage at which sailing coasters will be as compared to steamers as regards the Workmen's Compensation Act. Will you explain that to us?—Yes. A steamer would make a very much greater number of voyages than a sailing vessel—about five or six times as many. The outlay would be principally for machinery and coal, and not for wages. The sailing vessel, making fewer voyages, would pay a great deal more in wages, and therefore the risk would be greater for the amount of money earned.

1049. I suppose that is taking it on the basis that insurance companies ordinarily go upon in making out their premium list. Is that the idea?—It certainly will turn on that, because the whole thing is based on a wages basis, as far as I understand the Act.

1050. But if nobody has quoted you, you do not know what the premium will be, or whether it will be the same for a sailing as for a steam ship?—I think it is bound to come to that. They will fall back on the wages basis, because the risk will depend on the wages paid.

1051. You speak of the disadvantage at which sailing coasters will be. Are sailing coasters much more dangerous than steamers?—That is so.

1052. Then it is not only a question of coal?—No, but that is not what I had in my mind when I wrote that. What I had in my mind was that the sailing vessel would pay so much more in wages for the amount of remuneration received for freight carried.

1053. (*Mr. Davies.*) You mean really that their expenditure is practically all wages, and that they have to insure on that basis. The wages bear a much larger proportion to total expenditure?—Yes.

1054. (*Chairman.*) Is your object to put this as a hardship on the sailing vessels as against the steamers?—Yes.

1055. You wanted to bring it out that this Act is a hardship on the sailing vessels?—Yes. The sailing vessel is already at a great disadvantage as against the steamer, and this would increase it.

1056. This makes it worse?—It makes it worse.

1057. We cannot deal with that as a Committee. This Committee has to deal with whether the Post Office is to give special facilities for insurance. We cannot differentiate; we cannot alter the Act. Do you go so far as to claim, or wish to claim, that the Post Office or the Government, if you like to put it so, should offer special facilities for compensation for these sailing-ship workmen?—That is my point—that the Government having passed an Act, which we need not discuss, and sailing vessels, in consequence, having to be put at great disadvantage, unless the Government does something to favour them in the way of insurance in this matter, it is my fear that these vessels will have to go to the wall, taking the circumstances which now exist.

1058. The Act has made a special hardship for sailing vessels as against steamers?—Yes, you may put it in that way. It has made a special hardship for sailing vessels.

1059. Now, what attempts have you made at mutual insurance in your own port under the new Act?—We have done nothing up to the present.

1060. Have you talked it over?—Yes.

1061. Do you consider the risk too great or too uncertain?—It is a very uncertain risk.

1062. That is the objection to doing it in the same way as for your cargoes and your boats?—On account of its magnitude as well. There is no doubt we could cover it mutually as well as we could do it in any other way, if it was not for the magnitude of the risk.

1063. Is the magnitude of the risk greater than in the case of the ship or cargo?—Yes. We know the limit of that.

1064. You know the amount of that?—We know the amount of that.

1065. Then you rather sympathise with the insurance companies who will not take your risk. The real reason for not forming mutual insurance is that the risk is too uncertain at the moment?—It is very uncertain what the risk will be, and the magnitude of it might be very considerable, and one of two things would happen; either the owners would be ruined or the workman would not get his compensation. There is no doubt that if nothing is done to meet the case, owners, as far as possible, will take advantage of certain provisions of the Merchants' Shipping Act, and get rid of their risk. That is not a very desirable thing, and it is a great pity that it cannot be avoided. If the thing could be faced and met in a lawful way I think it would be very much better for all concerned.

1066. If they have not been desirous of getting out of their risks with regard to cargoes, why do you think they should be more desirous of getting out of their risks with regard to compensation of workmen. You say that you have no legal agreement with regard to that mutual society?—No.

1067. I am delighted to hear it, but you have, it seems to me, a very trustful state of society in Devonshire. Have you considered the question in your own mutual society?—Yes.

1068. They are not willing to take the risk of the Act?—They would rather cover it elsewhere. What I mean is that it is an entirely new thing, and they do not want to lead themselves into any difficulty in the matter. We know that it is going to be a big thing. We are sure of that.

1069. You think that the percentage of accidents, which, I presume, your own members know better than anybody else, is such that, as you say, it will be a big thing?—Yes.

1070. Then you mean to say that shipping is a very dangerous trade?—It is.

1071. Has your association definitely passed a resolution that the Government should help you in this matter? Did you take any steps in the town at the time of the passing of the Act to call your members' attention to the Act?—We tried to get a clause similar to the fishing clause, but we were unsuccessful.

1072. Which is the fishing clause?—It allows fishermen to be participators in the profits, and, therefore, to some extent, employers themselves, and therefore not coming under the provisions of the Act.

1073. Are you a profit-sharing association? I ought to have asked you that first?—No.

1074. You represent 125 boats. Would you give me the largest tonnage, roughly, of any boat that comes into your port among the 125?—About 130 tons I should say is the largest.

1075. So that you are small boat owners?—Yes.

1076. Could you give me the maximum crew that would be employed on one of your boats?—Five.

1077. Have some of them come under the Workmen's Compensation Act already?—No.

1078. (*Mr. Turpin*). Does your mutual insurance society insure the total value of the vessel and the cargo?—The vessel, not the cargo. We have one branch for that. We do not insure the total value. I did not know your point exactly.

1079. What is the percentage?—We leave a margin. It is three-fourths of the value.

1080. 75 per cent.?—Yes.

1081. Will Lloyd's, under any circumstances, insure all sailing coaster vessels?—Yes.

1082. In the winter?—Yes. They will insure them against total loss.

1083. The total value at a price?—Yes, the total value.

1084. You think that the members of your mutual society would not have sufficient capital to meet the risks under the Workmen's Compensation Act—is that it?—No, I am afraid not. The tendency would be to stave the matter off in case of disablement, and by-and-bye that would end in disaster.

1085. (*Mr. Kirkwood.*) How many insurance agents are there at Braunton?—I should think a dozen.

1086. What is the population of the place?—Over 2,000.

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Mr. G. G. Glarke.

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1087. How many companies do those insurance agents represent?—About the same number, I should think—about a dozen companies.

1088. In fact, all the most important insurance companies, I suppose, are represented there?—Yes. We insure ships other than Braunton ships—Ilfracombe, Barnstaple, Appledore, and all ships belonging to the port.

1089. A good many of these agents do fire insurance and life insurance, and in fact all kinds of insurance business?—Yes.

1090. If anybody wishes to insure they have no difficulty in going to one of those agents?—No.

1091. (*Mr. Davies.*) The boats belonging to your association trade or fish within a pretty limited area of sea, I suppose?—Yes.

1092. There is always the risk that a severe local gale may cripple a lot of them at once, and that makes mutual insurance rather difficult for you. Is that the point?—We do not think of it in that way. We have never found a heavy gale do very serious damage.

1093. No, except that a heavy gale is likely to catch them all, pretty well, is it not? They are fairly local?—They would be distributed about in different ports and different places. We have never known a heavy gale do us any serious damage. In the nine years that we have been working we have only lost four men. There was one case of total disablement quite recently. A man lost his arm.

1094. I want to bring out quite clearly your point with regard to sailing boats not registered under the Merchant Shipping Acts. Do I state it clearly if I say that the employers are small men as a rule?—Yes.

1095. That they cannot escape their liability under this new Act, and that at present they have no means of insuring against that liability?—That is so.

1096. That is the essence of the paragraph?—Yes.

1097. (*Mr. Denman.*) Are these crews in continuous employment throughout the year?—The crews of the registered vessels would be.

1098. The same crew would go on a large number of different voyages?—Yes.

1099. What sort of wage would an ordinary seaman get in the year?—When they are engaged by the month they would get from 3*l.* to 4*l.* per month, according to their rating.

1100. Have you any statistics of the accidents to crews over the last five years or so?—Within nine years we have had four losses of life through drowning, and one case of total disablement and another case of accident. That happened to a labourer. We settled it for 5*l.* He fell and injured his ribs.

1101. Why did you settle that? Had you insured him in any way?—We covered that risk. It was a risk under common law. The rope parted and he fell.

1102. In the case of the persons who were drowned you paid nothing?—No.

1103. That is four individuals over the nine years?—Yes.

1104. Not four vessels with several hands?—No. The loss was only in respect of one vessel. One case was a boy knocked out of a boat and the other was the case of a man who drifted away from the vessel in a boat and the boat sank.

1105. You have not had the loss of a boat with several hands?—Yes, one with two hands.

1106. (*Chairman.*) Is that included in that number that you mentioned?—Yes.

1107. (*Mr. Denman.*) What part of the risk is your company afraid of? Is it the total loss or the permanent disablement?—I think the permanent disablement will hit us hardest.

1108. You have had one case in nine years?—Yes.

1109. For one case you reckon a capitalised liability of about 1,000*l.*?—According to some computations it is about 750*l.* on an average.

1110. What have you estimated this Act would cost you if you insured under it, calculating on the figures that you have had?—I should say that it would run into about 1*s.* a ton if we took a tonnage rate.

1111. And is that too heavy for your members?—It would not be too heavy, but we might get a bad time, and it is the extraordinary risk that we are afraid of. In the ordinary way if it could be spread over a number of years; I do not think it would be anything serious.

1112. You think that you could meet the competition of steamers even with this disadvantage, provided that you could avoid a catastrophe?—I think we might endeavour to do so. Competition is very keen, and sailing vessels are not very remunerative at the present time.

1113. In evidence before the Departmental Committee of 1904 it is maintained that the risk would be practically prohibitive, and that sailing vessels could hardly live if this increased liability was put upon them?—Under ordinary circumstances that might be so. I am only speaking of our own society which has insured the damages and different risks which have been undertaken—defence and so on—for eightpence a ton. Holman's or Tindal Riley's, or any of the large societies, work out at from 2*s.* 6*d.* to 3*s.* If this new risk was added to that I would not say that sailing vessels could survive. My opinion is that they could never pay it. It amounts to a tremendous amount of money.

1114. But yet you think that your mutual association would be prepared to take this insurance if you could avoid an accident involving large numbers?—Yes.

1115. Coming to practical proposals, what would you suggest that the Post Office ought to do?—Either insure directly outside the society or reinsure the whole tonnage and let the society collect the premiums, and so on.

1116. That is to say, practically guarantee the society?—Yes.

1117. In your association do you decline to allow certain ships to be members. Do you demand a standard of ship?—Not for damage risks. We do for total loss risks.

1118. Do you differentiate the premiums?—They are different altogether. The one is a tonnage premium for damages and certain other risks, and it does not very much matter what the kind of vessel is, but for total loss we insure so much capital. We value the vessel, and consider her to be worth so many hundred pounds, and insure that, not at any fixed premium, but at a variable premium, according to the loss.

1119. According to the owner and the nature of his ships?—No. We do not differentiate in that way. If she was not up to a certain standard we should not accept her at all. We should ask the owner to bring her up to that standard before we would insure her at all.

1120. Out of the 125 vessels at your port are there any number that cannot obtain any kind of insurance, even in a mutual society?—I do not think there are. They bring them up to the standard required when pressed to do so.

1121. I suppose that in smaller ports and other ports there might be such ships?—Not to my knowledge.

1122. You have not made any accurate estimate of the rate of premium on a wages' basis?—For workmen's compensation?

1123. Yes?—No.

1124. There is an obvious difficulty in any Government department taking up a form of insurance that would vary very largely in individual cases?—I do not quite follow you.

1125. The postmaster at your port could not differentiate between the premiums necessary to cover the risks of the different ships, and it would be very difficult, I think?—That will have to be arrived at. The risks will be covered, I think, at one standard premium. Whether it will be on a tonnage basis or on a wages basis, I do not know.

1126. On another point. These vessels belong largely to the captains, I suppose?—Yes, a great number of them.

1127. Do the crews belong to his family to any extent?—They sometimes do, but not to any very great extent.

1128. A captain who manned a vessel with his own family would be in an advantageous position for trading, because he would not have the risk, would he?—If they were employed at a wage he would, would he not?

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1129. I think not if it was his own family. In the event of your having no facilities for insurance could your members save themselves from bankruptcy?—They might transfer the ship to some person who had nothing further to lose, and hold a mortgage upon the ship.

1130. Have you any competition from foreign boats in your coasting trade?—No.

1131. That is confined more, I suppose, to the east coast?—I suppose so. We have never had any complaint of foreign competition.

Mr. G. G. Clarke.

25 March 1907.

The witness withdrew.

Adjourned to Monday, the 8th of April, at 11.15 o'clock.

General Post Office, Monday, April 8th, 1907.

PRESENT:

THE LORD FARRER (*Chairman*).

The Hon. T. H. COCHRANE, M.P.
H. DAVIES, Esq., I.S.O.
The Hon. R. D. DENMAN.
L. J. HEWBY, Esq.
W. G. KIRKWOOD, Esq.
W. G. TURPIN, Esq.
E. RAVEN, Esq. (*Secretary*).

Mr. W. BULLEN, examined.

Mr. W. Bullen.

8 April 1907.

1132. (*Chairman.*) Would you be good enough to state what interest you represent?—The letter I received inviting me to give evidence I think was sent to me as a director of the Federated Employers' Insurance Association of 30, Cross Street, Manchester.

1133. Does that deal with all of the trades, or what does it deal with?—The building trades almost exclusively.

1134. What is your view as to the scope for the operations of the Post Office in the matter of providing facilities for insurance under the Workmen's Compensation Acts?—The gigantic organisation of the Post Office gives the utmost possible scope. It can reach every employer returned in the United Kingdom census of occupations and therefore place facilities for insurance before every such employer.

1134*a*. Do you consider that there is any necessity for such operations?—I can imagine that the general reply to this question will be that no such necessity exists, the reason given being that the enactment or extension of the liability law becomes generally known through the Press, social or business intercourse, circulars, canvassers, the medical profession, the administration of the poor law, and in many other ways. After much thought, however, I am disposed to think that there are very many small employers whose business is not much sought after, owing to the simple fact that individually the premiums received would be so small as to render the business hardly worth seeking. Again, I am of opinion that, in the rural districts, especially in the agricultural counties, the need of such insurance has not yet been sufficiently realised.

1134*b*. You think on the whole that no such necessity exists?—Well, I do not exactly think that. As a director of an insurance company I have spoken to my colleagues about it, and they think so from the insurance director's point of view. Personally I think that a great deal remains to be done yet, and possibly necessity does exist for something further than what is provided by the existing insurance companies.

1135. Then I take it you do not agree with the views that some of the insurance companies have put before us that canvassing reaches practically every single person, or at any rate 95 per cent. of the people who are in the position of employers in this country?—I do not agree with that view.

1136. You say here that there are very many small employers whose business is not much sought after. Could you give us any idea of who they are or what classes you are thinking of in that?—You will of course understand that I am speaking principally for my own trade—the building trade.

1137. Yes?—I believe that in the building trade there are a very large number of small employers employing a very small number of workmen—two or three up to half a dozen—who have not yet realised the importance of insuring. I find many that are not insured.

1138. Then you go on first to the rural districts. They are not so immediately in your cognisance except, I suppose, as a director of an insurance association?—That is hardly correct. I am a Devon man myself. I come from South Devon, and I am strongly of opinion that in districts in counties such as Devon, far removed from important commercial centres, the insurance companies as a rule do not touch those districts.

1139. I think I ought to ask you whether you are aware of the evidence that we have had as regards Scotland?—No.

1140. (*Mr. Denman.*) Has there been any increase lately in the activity of canvassers?—Only a certain amount due to the increased competition between the various insurance companies. At the present moment, owing to the new Act which comes in on the 1st July, insurance companies generally are very active. Each one is trying to outdo the other.

1141. Is your evidence as to the inadequacy of canvassing based upon the conditions that prevailed before this Act was passed?—I should like you to make that question a little clearer to me, please.

1142. Do you think that in spite of the new Act canvassing will remain inadequate?—Yes, as far as small employers are concerned.

1143. In the building trade the small employer is generally the better risk; is not that so?—Statistics certainly seem to prove that.

1144. And yet the insurance companies seek the larger builders more actively than the smaller ones?—Yes.

1145. Do the companies differentiate in their premiums between large and small employers?—Yes.

1146. Why does the small employer not insure?—I think that the principal reason is ignorance. I do not think that the small employer as a rule has yet become fully alive to the necessity of insurance in the same light as the large employer.

1147. And the fact of the Post Office taking up some form of workmen's compensation insurance would bring the necessity of insurance home to the small employer?—I should think that it would be more effectively done than it is being done at present by the insurance companies.

1148. In your own company do you find that employers come to you of their own accord or have you to canvass?—We have canvassers. Our expense ratio on account of agents canvassing is very high indeed.

1149. So that you would not expect the small employer to take advantage of Post Office insurance unless the Post Office canvassed?—I have had it in my mind that if the Post Office engaged in insurance they would not need agents exactly in the same respect that

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Mr. W. Bullen.

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we insurance companies do. The Post Office organisation is so large that I have thought that it would be possible to make use of the existing organisation to a very large extent. I mean in the country districts that I refer to it would never pay any insurance company nor would it pay the Post Office to have a canvasser knocking about these little isolated places, but through the means of the Post Office organisation I should say that it could be brought home to the small employers in a way in which it is not being done at present.

1150. Does the small employer insure against fire?—Yes, as a rule.

1151. I suppose he finds in his village agents of fire companies who encourage him to insure?—Yes, that is so.

1152. And these fire companies are practically all taking up accident insurance, are they not?—Yes, I should say they are now. The larger companies that have hitherto held aloof from accident insurance are now taking it up. With regard to your question about fire insurance, I have in my mind more particularly very small employers who do not take on building operations of sufficient magnitude to call for much in the way of fire insurance—little jobbing builders employing a few men—men who do not undertake the complete erection of a building.

1153. I suppose they have yards and a certain amount of stock?—Yes, but in a very small degree.

1154. And they do not insure that against fire, you think?—I think they would insure their own yards against fire.

1155. You think the existing facilities adequate for fire, but even though the same companies undertook accident insurance you would not think the facilities adequate for insurance against workmen's compensation risks?—I should say that they are not adequate.

1156. (*Mr. Cochrane.*) You rather think that the Post Office might be able to reach the smaller employers?—Yes, I think so.

1157. Owing to its organisation?—I think so.

1158. And that there is certain business which is not much sought after owing to the fact that individually the premiums received would be so so small as to render the business hardly worth seeking?—That is so.

1159. Where a premium only amounted to 5*s*. or 10*s*. in a country district, the percentage that the agent would get hardly makes it worth his while to seek for it?—That is so.

1160. In certain scattered districts you think the Post Office might be able to do good work?—Yes.

1161. Where the small employers are very much scattered?—Yes.

1162. (*Chairman.*) What do you suppose to be the proportion of small employers not already insured and the proportion likely to remain uninsured?—It is difficult to quote figures which may be taken as anything like reliable, in response to this question. In the Federated Employers Insurance Association, Limited, whose head office is at 30, Cross Street, Manchester, of which company I am a director, we find, on investigation that about 20 per cent. of the applicants received for insurance under the Workmen's Compensation Act are from persons or firms previously uninsured. If this fairly large proportion of uninsured employers is to be found in the busy and congested areas of Lancashire and Yorkshire, where the bulk of this company's business is done, I think that in the agricultural counties, especially those in the south of England, such as Somerset, Devonshire, and Cornwall, it would not be unreasonable to anticipate that at least 50 per cent. of the small employers in the building trade are at present uninsured. As to what proportion is likely to remain uninsured I can offer no reliable opinion. I feel that many of the small employers will remain uninsured until the advisability of doing so is forcibly brought home to them, either by a claim being made upon them, or by the knowledge of some acquaintance in the trade having been seriously affected in the same way. Eventually, I venture to think, everyone employing workmen will realise, not only the advisability, but the absolute necessity of insuring.

1162*a*. When you say "Act" do you mean the new Act or the old Act?—The old Acts.

1163. The two Acts already passed?—Yes.

1164. Those two Acts have introduced 20 per cent. more persons to you previously uninsured?—In view of my coming here to-day to give evidence I went up to Manchester and had a conversation with the general manager of our company, with the idea of getting some statistics, and I asked him if he could give me any idea as to what percentage of the applications that we had received were from employers uninsured, and he did not give me a very satisfactory reply. I suppose I must have evinced that I was not very well satisfied, because on the 3rd instant I had a letter from him as follows: "Uninsured Employers.—Adverting to our chat of "yesterday, we have gone through 1,000 workmen's "compensation applications and find that 18 per cent. "of the applications are from persons or firms pre- "viously uninsured. A proportion relates to men "commencing business, a proportion to firms who have "preferred to carry their own risk, and some, of course, "to the smaller employers who have not been ap- "proached on the matter previously. These figures "may be more useful than those given yesterday."

1165. Does not that mean the applications coming under this new Act?—No.

1166. You are clear about that. I am on the wording of the letter?—That refers to a thousand applications taken out of business done during the past 12 months. We have not yet canvassed to do anything tangible under the new Act. We have not formed our rates yet.

1167. "Previously uninsured." Was there any method of insurance before those Acts came into force, that you had any knowledge of in your company?—No. Our company has not been in existence for more than four years. It was formed as a result of the passing of the Act now in force and the treatment that the building trade as a whole received from the insurance companies. We found as a trade that we were getting harshly treated. Our claims were not met in the way we thought they should be, and the result was the formation of this company to practically confine its operations to our own trade. It is very much in the form of a mutual company.

1168. I am afraid that I do not understand the 20 per cent. What you mean is that your mutual company gets this 20 per cent. from people who were previously insured with some other companies?—No. In our application forms we ask the applicant whether he has been previously insured, and this 20 per cent. is the proportion of those that have replied to that question "No."

1169. I see what it is now. I daresay that I ought to have seen it before. Eighty per cent. were insured in some form before they replied on your policy form?—I am sorry I did not make myself clearer.

1170. Then you go on to say "It would not be "unreasonable to anticipate that at least 50 per cent. "of the small employers in the building trade are "at present uninsured." Your argument tends towards compulsory insurance, not necessarily Government insurance. That is practically the conclusion that you come to?—Yes.

1171. We as a Committee have not to consider that?—I follow.

1172. I think I am right in saying that the terms of reference do not refer to compulsory insurance, but only to the question whether facilities for insurance and the desirability of them also are such that the Post Office should start it. That is rather a different thing from compulsory insurance?—Quite so.

1173. Eventually you venture to think that "every- "one employing workmen will recognise not only the "advisability but the absolute necessity of insuring"?—Yes.

1174. When you say that, do you mean that eventually they will realise it without compulsion?—It would take a long time, I think, for them to realise it in that way. I think, I say, that many small employers will not realise it until it has been brought home to them by having a claim made.

1175. (*Mr. Cochrane.*) The 20 per cent that you allude to of the applications for insurance are from persons or firms previously uninsured. That relates to claims under the common law I presume, under the

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Employers' Liability Act of 1880, under the Workmen's Compensation Act of 1897, and under the amending Act?—Yes.

1176. To claims under all those Acts?—Yes.

1177. In issuing your policy you ask "Have you been "insured in any other company"?—Yes.

1178. In reply to that you find from 18 to 20 per cent. that have not been insured?—Yes.

1179. You have been good enough to give us statistics which placed before us an idea of the different causes that have led to people not insuring. You read a letter?—Yes.

1180. Could you repeat the principal figures of that, please, because I did not quite catch them?—The letter is very short. I will read it all again. (*The Witness read the letter.*)

1181. (*Chairman.*) "Approach" means canvass, I suppose?—Yes.

1182. (*Mr. Cochrane.*) You anticipate that when the recent Act comes into force a very large number of small employers will be added who will be responsible for giving compensation to their workmen, and will be brought under the terms of the Workmen's Compensation Act?—They are under the terms of the present Act, but they do not realise their liability under the Act now in force to the extent that they will have to do under the new Act.

1183. You are speaking of one particular trade?—Yes.

1184. Only the building trade?—Only the building trade.

1185. The only restriction on the building trade was a limit on the height of the building, was it not, and not as to the numbers employed?—Not as to the numbers employed. There are many changes in the new Act which make the conditions more onerous.

1186. But it will not bring in any greater number of small employers?—No.

1187. Except that doing away with the 30 feet height may bring in the small village mason who is in the habit of building cottages?—Yes.

1188. Those would be the very men who have not been in the habit of insuring?—That is my opinion.

1189. Very often men obtaining little more than a day's wages themselves out of a small contract?—Yes; that is the class of man that I particularly allude to.

1190. They will be brought in in large numbers?—Yes.

1191. In fact every small village mason now will be responsible for any accident that occurs to his workmen?—Yes.

1192. If he fails to insure, and a man makes a claim against him, what will be the result?—I am afraid that in very many cases the employer himself will be placed in such a difficult position that there will be no compensation forthcoming.

1193. If the claim is pressed the employer will go bankrupt?—Yes.

1194. And therefore the intention of the Act of Parliament will be defeated?—Yes, I think so, to a very large extent.

1195. Do you think the Post Office could usefully overtake any of the small class of work, that is to say, the insurance of these small people?—I think so. I have given some indication of my reason for that idea further on where I allude to the Post Office Savings Department as having induced thrift in a way that never would have been done but for the Post Office, and I look for something of the same result if the Post Office decides to go in for compensation insurance.

1196. The convenience and the security given by the Post Office would be an attraction to the small investor?—That is my idea exactly.

1197. And you think that the same feelings would induce the small employer to insure with the Post Office?—Yes, to a very large extent.

1198. If he can conveniently go to the Post Office and take out a policy?—Yes, exactly.

1199. Do you see any difficulty in the way of the Post Office?—I have alluded to that later on.

1200. Then I will not ask any question about that now. You were asked just now whether the small people insured against fire?—Yes.

1201. Have you any statistics as to how far they insure their own houses against fire?—I have no statistics, I simply speak from experience. Before I left Devonshire I found that the cottage houses, as a rule, were insured against fire.

1202. Those houses are probably rented, are they not? They are leasehold tenures or taken year by year?—Yes. As regards the village that I was born and brought up in, practically the whole of the place belonged to the Lord of the Manor.

1203. The Lord of the Manor, and probably his agent, see that the policy for fire insurance is taken out?—Yes.

1204. For the security of the Lord of the Manor?—Yes.

1205. Therefore no burden falls on the small man in that way at all?—Not to any appreciable extent.

1206. The small man therefore has not had much experience of fire insurance?—No.

1207. My own experience is that generally the proprietor pays half the premium of the fire insurance, and recovers the other half in the rent, or some proportion of that sort?—Yes.

1208. Some arrangement of that kind would be what you understand would exist?—Yes.

1209. (*Mr. Denman.*) I do not quite reconcile the answers given to Mr. Cochrane with the answers which you gave to me just now. The small builder, you say, generally does insure his stock against fire?—When I was replying to your question, I was thinking of the small builders who take on small contracts. By small contracts, I mean, say, up to 3,000*l.* for erecting dwelling-houses around my own district, Liverpool and Lancashire and Cheshire, but in replying to the other gentlemen I was thinking more of the little country master, the country mason, and so on to whom he alluded. That would account for the difference, I think.

1210. He is a still smaller employer who has never had insurance brought before him in any way?—Yes, that is my opinion.

1211. He has not hitherto had to insure against workmen's compensation, so it is quite a new question to him, is it not?—I do not think it would be correct to say that he has not had to insure or rather that he ought not to have insured, but the Act at present in force is not so onerous as the new Act, and therefore I think that the small man has not had it brought home to him. Therefore he has not studied it. He has not realised the necessity, for insuring but under the new Act I am afraid that he will very soon be in a queer street if he does not realise it.

1212. We have had evidence that small farmers insure up to about 95 per cent. of their number?—Yes.

1213. Can you give any reason for thinking that farmers are more likely to insure than small builders?—I should say, in the first place, that there is not such a large proportion of very small farmers as there is of builders. And then the farmers have a mutual insurance company of their own, and I am told by the manager of my own company that almost every traveller, travelling say for seeds and agricultural machinery and that kind of thing, adds to his income by canvassing for insurance—a thing that in my experience is entirely absent in the building trade. That accounts for the fact that a much larger proportion of farmers are insured.

1214. It again comes back to the absence of canvassing among small employers?—Yes, in the building trade.

1215. (*Chairman.*) What do you suppose to be the reason which prevents the small employer from insuring?—I believe the principal reason to be ignorance. Generally speaking, the small employer does not realise the benefits of subscribing to and thereby becoming entitled to the benefits of trade organisations until something happens which touches his pocket. In the same way I feel that the ignorance of the wisdom of insuring will be hard to overcome except when brought home in some tangible manner. In the country districts,

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especially those far removed from any important commercial centres, I should not be surprised to find that the average small employer has hardly yet become aware of the existence of even the Workmen's Compensation Act of 1897, and certainly not of the Act of 1906.

1215*a*. I do not think your evidence with regard to the country districts is at all what we have heard from the insurance companies. They generally, I should say, desire to show that they cover everything. I think they say that even in the outlying districts they know of no employer who is not canvassed by one or two people. That is not your experience?—That is not my experience. Of course the insurance company would include in the term canvassing even sending circulars which the average small man, I take it, throws into the fire without reading in most cases. I do not believe that the insurance companies cover the country districts in the manner in which they try to appear to do. When I was first invited to give evidence before this Committee I spoke to the manager of my own company and I had the greatest difficulty at first in getting any tangible information from him, because as an insurance man he would naturally object to the Post Office or Government in any shape taking up compensation insurance.

1216. Obviously, but I am very much surprised merely speaking from personal knowledge of rather out of the way districts that you think the average small employer has hardly yet become aware of the existence even of the Workmen's Compensation Act of 1897 and certainly not of the Act of 1906. You mean to say that in the districts you have had to deal with the accidents have been very few and the other builders have not known of the existence of those Acts?—I purposely put that opinion rather strongly. I do not mean that the evidence that I have written here should be read exactly literally. I do not mean that the employer is absolutely ignorant of these Compensation Acts, but his actions as regards insurance speak for his ignorance. His knowledge of the existence of these Acts does not influence him in his business.

1217. But of course the question is really one of insurance?—Yes.

1218. I only speak of my knowledge of my own rural district where I have been making inquiries of builders. I suppose you would call a small builder a man who employs five men. There is no builder that I can find in the whole of my county that is not insured. I do not want that necessarily to be taken as any evidence. You have found a good many builders who have actually not insured at all?—Yes.

1219. Of your own knowledge?—Yes.

1220. How far do you think the insurance companies and mutual associations have covered the ground?—Generally speaking, the companies have covered the ground fairly well, but as already indicated, I am still of opinion that much remains to be done. I have been able to find 28 mutual insurance companies in existence, but most of them are in connection with trades such as the clay workers, the cotton trades, colliery owners, farmers, the iron trades, woollen manufactures, &c. I only know of five mutual companies in the building trade, and of those four are merely local companies. Only one, the "Builders' Accident," covers the whole country. I should say, therefore, that it is only to a very slight extent indeed that the ground is covered by mutual associations.

1220*a*. When you say "merely local companies," do you mean to say companies with a very small district that would not take in just anybody?—I have the list here of the companies that I have been able to find, and when I speak of merely local companies in the building trade I allude to the Cambridge Master Builders for one. That is a company formed by the Cambridge Master Builders' Association really to do its own business. The Derbyshire Building Trades have a company of their own. The East Northampton Builders have one, and there is one called the New Northampton Building Trade. Each of these four companies has been formed purely for its own local business. The company known as the Builders' Accident whose office is in Bedford Street, Strand, is the only company in the building trade that I know of that really caters for Workmen's Compensation business all over the country among the mutual companies.

1221. What in your view is the likelihood that employers who do not insure with the companies or in mutual associations will insure with the Post Office?—The novelty of such a scheme, the appearance of economical management, the undoubted security and fair administration of a Government Department, will undoubtedly attract some employers, and just in the same way as many people have been induced to thrift by the agency of the Post Office Savings Bank, so I can easily imagine that many small employers would in like manner be attracted by such a Government Department as is suggested.

1221*a*. What do you consider to be the conditions that must be fulfilled by the Post Office if it is to attract the small employer?—Generally speaking, it must quote for and accept risks, issue cover, collect premiums and settle claims, on equal or more favourable lines to the system of insurance companies. The great inducement which could, I think, with advantage be held out to the small employer would be a policy which would absolutely cover all contingencies. Generally speaking, the average insurance policies are so complex, owing to their many conditions, that I can easily imagine the small employer becoming bewildered and refusing to have anything to do with it.

1222. Can you conceive any policy that will cover all contingencies at such a price that the small employer will be willing to take it?—Yes.

1223. And yet that it should make a profit to the State as an insurance matter?—I must confess that I have not thought of the likelihood of the Post Office engaging in compensation insurance with the idea of making a profit.

1224. I mean covering expenses?—Yes, I think so.

1225. (*Mr. Denman.*) The picture that you have in your mind here is of a Government Department running an insurance company exactly on the lines of an ordinary insurance company, except that it does not wish to make a profit?—Yes.

1226. It would have its local experts and its medical organisation just like an ordinary insurance company?—Yes.

1227. That would practically be creating a new staff, would it not?—As far as the experts are concerned, certainly.

1228. Is there much work which you think could be entrusted to the existing officials of the Post Office?—I should say so.

1229. What kind of work do you think they could effect?—I speak from the experience of my own company, for instance. We have only a very limited business, and the whole of what I should call the expert part of the business is carried out by the general manager. That is to say he deals entirely with the settlement of claims, but we have a large staff of clerks and agents for dealing with the ordinary clerical work, the preparation of policies, and so on, which involves a tremendous amount of work.

1230. You are a local company?—Yes.

1231. What area do you cover?—Principally Lancashire and Cheshire. This company was formed out of what is known as the Lancashire, Cheshire, and North Wales Building Trades Federation. The experience that the principal trades of that federation had had of the insurance companies that they were associated with was such that the desirability was felt of forming a company of their own, where they would get a fairer policy and generally fairer treatment. That resulted in the formation of this company, but it has during the last 12 months or so gone over the borders into the Midlands, and is now going into Yorkshire and the North.

1232. Do you manage the settlement of claims from your one central office?—Practically. We have in every large town agents and solicitors who do the business of the company for the town and medical referees, but everything in the nature of claims has to go to the head office. We have a claims committee which sits every other week to deal with all claims above 10*l*. The general manager is instructed to deal as he thinks fit with anything up to 10*l*., but everything above that must come before the directors.

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1233. You said a short time ago that you had found that the companies were unsatisfactory in the settlement of claims?—Yes.

1234. I suppose if they were more satisfactory in their settlement of claims it would necessarily mean that they would charge higher premiums?—Possibly so. The expense ratio of the general class of workmen's compensation insurance companies is very high. We think in the company that I am connected with that it is unnecessarily high, and I suppose that fact makes them more particular than they would otherwise be. It is very difficult indeed to run workmen's compensation only and make both ends meet.

1235. What grounds have you for thinking that the Post Office could issue more liberal policies at more favourable premiums?—My idea has been all along (I do not know whether I am wrong, and if so, I should be glad if you would correct me) that the Post Office is thinking more of the small employers than of the larger ones. The percentage of claims from the small employers is, of course, small in proportion to the claims from the larger ones. I mean that the larger employer has a higher percentage of accidents than the small employer.

1236. On the other hand the premium on the small employer is lower?—Yes.

1237. So that the premium recognises the lesser risk of the smaller employer?—Yes. We are busy at present trying to form our new rates under the new Act, and we have the employers classified according to the amount of wages paid. The man who has an annual pay roll of under 1,000*l.* per annum will be rated at a certain figure. Then we propose that between 1,000*l.* and 3,000*l.* there shall be a slightly higher premium; from 3,000*l.* to 5,000*l.* still higher, and so on—5,000*l.* to 10,000*l.*, 10,000*l.* to 15,000*l.*, and 15,000*l.* up to 20,000*l.* That is the highest that we are prepared to quote for at present. With regard to anything above that we say the rate is to be agreed upon.

1238. That is based upon your own experience?—Yes.

1239. You can distinguish employers by their wages bill for the purposes of rating?—Yes, generally speaking.

1240. Your idea was that the Post Office should undertake the insurance of employers whose wages do not exceed a certain annual sum, and that the business would be so good that the Post Office could work it profitably?—Yes.

1241. In competition with the companies?—Yes.

1242. The essential part of your suggestion is that the Post Office should act as principal, and not as agent?—Yes.

1243. It would not be so attractive if it merely lent its organisation to other companies?—I have never thought that that was possible.

1244. For example, sub-postmasters are very frequently agents for insurance companies?—Yes.

1245. You think that if the Post Office encouraged that, the attractiveness of the Post Office as a building would not induce people to take advantage of the sub-postmaster as an agent. People would not come to the sub-postmaster simply because he was in a building with the words "Post Office" over it and take out a policy there?—I think that my idea is that there would be an attraction in the Post Office catering for compensation business to a greater extent than would be the case if it was merely the village postmaster canvassing for other companies. Is that what you mean?

1246. Yes?—I follow.

1247. (*Mr. Kirkwood.*) I suppose it would be necessary for the Post Office to canvass in order to get this business, or do you think the small employer would go to the Post Office and take out an insurance policy?—I think that a certain amount of canvassing would be necessary to begin with. I do not know exactly how the Post Office goes about its Savings Bank department business, for instance. I presume that now that is so well known no canvassing is required, but this compensation insurance in the country districts in my opinion will be comparatively new, and to begin with I imagine that a certain amount of canvassing or something of that nature would have to be done.

1248. I suppose that nearly all the villages in which these small employers live contain a post office. I suppose there is a post office in nearly every village, is there not, that the small employer could use?—I believe so; it is so in my experience.

1249. You think that if the Post Office canvassed it could get a fair amount of business relating to the insurance of small employers?—Yes.

1250. That part of the business is really the most paying business, is it not?—Yes.

1251. Do not you think that the insurance companies would compete very strongly for it if it was more paying than the insurance of the large employers?—I must say that that would be the natural conclusion to come to, and yet my experience, since I have been connected with this insurance company, does not seem to bear it out. As insurance directors we are inclined to pass over the small applications, where the premiums amount to a few shillings, as hardly worth our attention, but when we have an application before us where the premium would run into say 50*l.* or 100*l.* per annum, we seem to go for that business with much greater zest, although our statistics prove that that is the least remunerative form of risk.

1252. But I suppose even in very small villages there is an insurance agent, is there not. It would be very difficult, would it not, to find a village where there is not an insurance agent?—An agent of a kind. In the village I was born and bred in my own father, I believe, was the insurance agent for the village. He was a small builder, and he acted as agent for one or two insurance companies, but it very much resolved itself into a question of people coming to him. There was the usual disinclination to do too much. What I mean to say is that he did not seek for insurance business.

1253. But there would be no difficulty in an insurance agent being able to approach the small employers in these cases, because they all live in the same village with him?—None whatever.

1254. There would be no difficulty whatever in getting in touch with them?—No, none whatever.

1255. It is not like the case of a farmer living right out in a scattered rural district. The small employers, the village mason for instance, who employs a few hands would live in the village and not right out in the rural district at all. You would not find him there?—That is so, but I think I have already mentioned that the farmers are got at principally by travellers knocking about the country with seeds, agricultural machinery, and so on, who take up insurance agencies really as an additional remuneration.

1256. (*Mr. Turpin.*) I understand you to say that workmen's compensation business is not remunerative?—That is so.

1257. Does your insurance office undertake other businesses besides that?—Yes, a little. We do a little fire business, and we are cultivating that and plate-glass and burglary insurance, and so on, as much as we can.

1258. The compensation business is the principal item?—Yes, 90 per cent., I should say.

1259. You do not work that at a loss, do you?—Not altogether. We paid no dividend last year, and I do not think we shall pay any this year. I have heard it said by managers of other companies that we should never be able to keep our heads above water so long as we confine ourselves entirely to workmen's compensation business.

1260. Has that influenced you in thinking that the Post Office could do it?—My principal reason for thinking that the Post Office might do it is two-fold: in the first place, I take it you would cater for the small man whose business in the aggregate is the remunerative part of workmen's compensation business, and in the second place you have such an organisation that you could, to a very large extent, utilise it and save a large proportion of the expense ratio that the insurance company must undergo. My point with our own company is that it was not formed so much for the sake of making money as for keeping down the rates of the other offices.

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1261. Do you charge a lower rate than the other insurance companies?—Yes, generally.

1262. Did you find that their rates were very excessive?—Yes, as a whole. They differentiated to such an extent that a man was rarely certain when he was covered.

1263. Did that apply to all insurance offices? Was there a tariff against the building trade?—Yes, practically. We tried several offices.

1264. Competition would not do?—No.

1265. A tariff of the offices with regard to workmen's compensation would have the same effect—there would be a higher premium than with no tariff?—Yes.

1266. The general result of a tariff is to raise the premiums?—Yes.

(*Mr. Cochrane in the chair.*)

1267. (*Chairman.*) You said that you divide the classes of those who insure into three — employers paying under 1,000*l.* a year wages, from 1,000*l.* to 3,000*l.*, from 3,000*l.* to 5,000*l.* and upwards?—Yes.

1268. Do you find any difficulty in differentiating. For example, if a man insures, stating that he pays 1,000*l.* a year, and afterwards takes on more men, does that invalidate his policy?—No.

1269. You have no difficulty in that respect?—None whatever. At the close of the year for which his policy has been taken out he has to make a return to the company of the wages he has paid. If he has paid more than the amount that he estimated, he has to pay the additional premium. If he has paid less, there is a rebate made towards the premium of the next year's policy.

1270. Have you any means of ascertaining the accuracy of the return made by the man?—That is a subject that I feel rather deeply upon. I have said several times at our recent Board meetings that I was afraid that the returns we got were not altogether to be depended upon. It is a condition of the policy that the agent of the company can at any time call and inspect the books of the employer, but that, I am afraid, is done to a very limited extent indeed. I have been insured myself now for several years, and I never remember anyone questioning my returns. Unfortunately for myself, and perhaps fortunately for the company, each year I have had to record that I have paid more wages than I estimated, and, therefore, I have had to pay more premium, but I have often wondered whether if I made a return that I paid 1,000*l.* or 2,000*l.* less it would have been questioned.

1271. Do you think if the Post Office were to undertake the insurance of the small employer it would be safe for them to differentiate on the basis of wages paid in the way that you do?—Yes; to some extent that would be the line that I think the Post Office would have to adopt. Then again with the small man the wages would not be the same sufficient guide as in the case of the large employer. A small man paying up to 500*l.* a year might undertake some very risky job, which would mean that his rate ought to be considerably higher than perhaps his neighbour paying at least as much or more wages who engaged in a more ordinary class of work. That is one of the greatest difficulties we have in the insurance business.

1272. Is it owing to the employment of machinery that you regard the bigger employer as involving a higher risk?—That is one of the reasons, and of course the larger employer has frequently to undertake demolition, which we consider very hazardous. I have in my mind at the moment a contract that has just been let in Liverpool, where the contractor has to pull down a building which must have cost from 40,000*l.* to 50,000*l.* to erect. It is a portion of his contract to pull that building down before he commences the new one, which is going to run into somewhere about 100,000*l.* The risk involved in pulling down that building will be far greater, we think, than the whole of the risk of the erection of the new one.

1273. So that it is difficult to estimate the risk in relation to the wages paid?—Yes, especially with regard to the smaller man.

1274. Generally speaking, you think the average insurance policies are so complex owing to their many conditions that you can easily imagine the small employer becoming bewildered, and refusing to have anything to do with them. Will you explain in what respect are the policies complex?—The reason that made me leave the company I was insured with, one of the largest companies in existence, whose policy is considered one of the fairest, was that I could not get any clear definition from them as to where their responsibility ended and mine began. I went and saw the general manager about it, and discussed it at great length. He tried to summarise it by saying, "This policy covers all ordinary "building operations." I said, "What would you "define as ordinary building operations? I am just "about to tender for building a church which perhaps "will run into 10,000*l.* or 12,000*l.* Would you call "that an ordinary building operation"? He said he would not, and that in respect to that I should have to pay a higher premium. I put several similar questions to him, and the majority of his answers proved to me that there was no really well-defined limit as to where their policy finished and my responsibility began. I could not see the utility of being insured in such a way that if I met with an accident I should at once begin to worry as to whether I was covered or not.

1275. You think that a policy ought to cover all the accidents that you are liable to in the building trade?—Yes.

1276. Covering the individual?—We make an exception with regard to some extraordinary things, such as steeplejack's work, church towers, and factory chimneys. I pay myself from 20,000*l.* to 25,000*l.* per annum in wages. I have only been called upon to build one factory chimney in the whole of my life. I should not object to factory chimneys being excepted myself, because that is such an extraordinary thing in my business that I should feel that it would be better for me to take an ordinary policy, and thereby get a lower premium, and if I did undertake the building of a chimney I could go the Company, saying, "I have to "build a chimney 100 to 150 feet high; I want you to "cover me for that alone" and I would pay a higher rate of premium for that particular work.

1277. What are the special difficulties in connection with the insurance of employers in the building trade?—The greatest of all difficulties is the very great variety of risks embraced in the term "building trade." For instance, well-sinking, steeple repairing, chimney erection, and the demolishing of buildings present hazards far beyond those of ordinary building operations, yet the builder is occasionally called upon to do such work, and would naturally expect to be covered. Another difficulty would be as to risks not covered by an ordinary employers' liability policy, such as accidents caused by defects in plant, through which the workman of another employer, working possibly as a sub-contractor, is injured and can claim damages; also the risk of injury to the general public, in consequence of building operations, which, while submitting the employer to a claim for damages, does not come under the scope of the Workmen's Compensation Act.

Another difficulty which I see is as regards the settlement of claims. Every insurance company has a reputation, good or bad, according to its method of settling its claims. I see no difficulty in a Government Department having a staff of experts in employers' liability insurance, but I do think that possibly a difficulty might exist through the officials referred to feeling that, having the Government behind them, they need not exhibit that same amount of tact, forbearance, and anxiety for a good reputation, such as may be found in the officials of ordinary insurance companies.

While I see no very great objections to a Government Department dealing in the manner suggested with Workmen's Compensation, I am strongly of opinion that the only logical outcome of the passing of the Workmen's Compensation Act of 1906 is—

(1) To make insurance compulsory on the part of every employer.

(2) That the Government shall guarantee every award made, and so ensure that the compensation it has provided for by enactment, be paid.

1277*a*. You suggest that the Government shall guarantee every award made, and so ensure that the compensation that is provided for by enactment be paid;

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there is foreign experience with regard to that, I think. It is done in some countries?—Yes.

1278. Is it in France?—It is done in France, I believe.

1279. The Government charge the insurance company a small premium, and guarantee their solvency. Is that the way in which it is done?—Something of that kind is done. I do not know exactly what is done, but I know that something is done, so that it is assured that the claimant gets compensation.

1280. He is assured that the institution in which he has insured himself is solvent?—Yes.

1281. There is a payment to the Government?—The present Government is aiming in that direction with this new Bill, by providing for Workmen's Compensation companies having to deposit 20,000*l.* with the Government. The weakness of that seems to be that it is treating all the companies alike. With a company doing business with a premium income of a million a year, 20,000*l.* is considered sufficient. The same amount has to be paid by a little company only doing 20,000*l.* a year.

1282. It has been found to work well in the case of life assurance companies, has it not?—Yes.

1283. They are called upon to make the same deposit?—Yes.

1284. (*Mr. Turpin.*) It stops bogus companies. That is what it is for?—I gather that was one of the objects. It is very hard on the small companies at present in existence.

1285. (*Mr. Denman.*) You say that one of the attractions that the Post Office could offer is a policy that would cover absolutely all contingencies. Judging from the paragraph that has just been read, the premium for the policy would have to be very high. It would have to embrace steeple repairing and the demolishing of buildings?—No. I have all along been working with the idea that the Post Office was only contemplating dealing with the small man who was not engaged in steeple repairing and chimney erection, and so on. That applies to the larger class of employers. I simply referred to it in pointing out the difficulties which the present companies have in giving a cover-all policy. It would not apply with the same effect to the small men.

1286. You said it was difficult if not impossible to estimate the risk from the wages paid?—In the case of the larger builders, but not to the same extent with the small men.

1287. The small employer might undertake well-sinking, might he not?—To a very moderate extent. He might take on the sinking of a well up to 20 or 30 feet deep, but nothing beyond that. Anything beyond that would be let to a specialist.

1288. How would you limit the Post Office policy to the small employer. If a large employer came to the Post Office and asked for a policy, on what grounds would he be refused?—I have not considered the likelihood of the Post Office doing much, if any, busness with the large employers, who, I take it, are already sufficiently well catered for, on the whole, by the existing insurance companies. I have been thinking entirely of the small man, and I do not think it would be difficult from an insurance point of view to give the small man a cover-all policy, whereas it would certainly be inadvisable to give a cover-all policy to a large contractor, who would undertake anything put before him, no matter to what extent nor how dangerous it might be.

1289. I do not quite understand how that sort of scheme would fit into Post Office organisation. If a man came to a postmaster and said he was a builder and wanted a policy, how would the Post Office be able to refuse one who happened to pay a large amount of wages?—I do not know that you would exactly be in a position to refuse him, but, of course, you would have to fix your rates higher for that class of risk than you would for the small man. The question is whether you could fix a rate at a point which would be more attractive to the large employer than the existing insurance companies' rate. That is a question I have not thought out at all. I have been thinking entirely of the small men.

1290. That is to say, that the Post Office would have to be prepared to treat each individual applicant on his own merits?—Yes, to some extent, but I take it that in the Post Office Savings Bank you do not cater for the man that wants to come and deposit some thousands of pounds. You simply cater for the small investor who wants to save a few shillings or a pound or two, and in like manner with the insurance business. I cannot altogether imagine the Post Office, on the one hand, catering for the whole trade embracing the very large contractors, nor can I imagine that there is any necessity for it to do so.

1291. But I take it that the Post Office would offer a certain class of policy at a certain rate of premium. If it happened to suit a large employer to accept that policy on the ground that it was more favourable than those offered to him by the companies, the Post Office could not very well decline to issue it?—No.

1292. Is not there the danger that the Post Office would have to issue policies to all those persons to whom the companies do not want to issue policies?—Yes, there is a danger there. We have in the insurance companies had experience of risks that we are anxious not to renew at any price.

1293. And a Government Department practically cannot decline a risk?—I do not see why not. If you go to an insurance company you have to give your experience in the past as to what accidents you have had, and what the ratio of your claims has been, and so on. If the company thinks that your experience is a very bad one, it will say to you candidly, "We cannot "quote to you a rate; we will not insure you." I do not see why the Post Office could not do the same.

1294. (*Mr. Davies.*) Do you think that a distinction can be drawn between the small employers that the Post Office might take and the large ones simply on the total of the wages bill?—Yes.

1295. The large employers get from the companies better terms than the small employer can get; is that so?—No. I do not know that they get better terms. I did not wish that you should infer that. I merely mentioned that the large employers were more sought after merely on the question of the magnitude of the business, and not on account of the risks.

1296. But has the small employer any difficulty in getting insurance from the companies if he wants it?—No, none whatever.

1297. It is simply that he is a little indolent about insuring?—Yes, indolent and ignorant.

1298. You think that if the Post Office put a policy under his nose he might avail himself of it?—Yes.

1299. Whereas he would not insure at present?—Yes.

1300. Does the building trade give rise to many bogus claims?—I do not know that we are bothered much with bogus claims. We have a good deal of trouble with claims due to malingering and that kind of thing. A man meets with a slight accident and he has to leave work and he claims compensation. I have a case in my mind at the moment of a man in my own employ who met with an accident. He cut off one or two of his fingers. This was 12 months ago. The man is quite well enough to work now, and could, but he will not. He is getting, I believe, so much from his trade union, and he is getting so much from the insurance company, and I believe that the total of the two amounts is more than he was getting when he was working and getting a full week's wage. The consequence is, that as long as he can, to put it plainly, bluff the insurance company, he will keep away from work. He goes so far as to say he does not think he will ever be able to work any more. That is the great difficulty that we have to contend with.

1300A. Have you had much experience of cases where the insurance companies say that you are not legally liable for a particular claim, and where you are threatened with an action as an employer?—I have heard of plenty of such cases. It was that kind of experience that gave rise for one reason to the formation of the company that I referred to and which I am connected with.

1301. At present, if an illegal claim is made, the insurance company leaves the employer to fight it out himself, does it not?—To a very large extent. There seem to be some insurance companies whose first

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attention is given to whether (this is only my opinion) there is any way in which they can decline liability. If an employer has a claim it is quite a common experience for the insurance company to turn round and say, "You "are not covered for this accident under our policy," leaving the employer alone to get over the difficulty in the best way he can.

1302. The employer may be legally liable, but not covered under his insurance policy?—Yes.

1303. That is the distinction?—Yes.

1304. I was wondering whether you have ever met with cases where the employee had no legal claim under the Act?—Only to a very slight extent. I think under the new Act there will be much greater facilities for that kind of thing than under the present one.

1305. Yes. The idea of some people seems to be that a pretty good living will be made out of threats under the new Act?—I am afraid so.

1306. (*Mr. Kirkwood.*) Do you think if the Post Office restricted their policies to permanent disablement and death they would be likely to do much business, or do you think it is necessary, in order to do a sufficient amount of business to make it pay, that they should include temporary disablement as well?—I think that they should cover the whole ground.

1307. You do not think that many employers would take out a policy merely for permanent disablement and death, excluding temporary disablement?—No.

1308. It would have to be a comprehensive policy to include everything?—Yes. In the case of permanent injury, partially, and death in particular, a man knows what he has to pay. The difficulty under the Act in the case of ordinary accidents is that a man meets with an accident; a claim is made; the employee who has met with the accident goes on half wages for an indefinite period. He has to be subjected to many medical examinations, and it is largely a question of opinion as to when the man is fit for work, and even as to the extent of his injury. If the case is carried into court one judge will give the man 50*l.* damages, say, by way of compensation; another judge would give the man 100*l.*, and so on. I do not know whether it ever will come, but until the Compensation Act is altered in such a way that every accident will have its regular value credited to it, I am afraid that there will be a lot of trouble. The ordinary accident insurance company will stipulate that if a man loses an eye he gets so much, and if he loses his hand he gets so much. There is no question as to what he is to get. It is stated there in his policy. I think that if something like that could be done with regard to workmen's compensation it would be an advantage. There would have to be, perhaps, a very elaborate classification made which would call for two or three years' experience, but until something of that kind is done I am afraid that there is going to be an enormous amount of litigation which I certainly do not think was ever intended or even thought of by the framers of the Act.

1309. Do you think it is desirable that the Post Office should appear in the courts as defendants in the various actions that may be brought when the Act comes into operation? During the first year or so I suppose a large number of actions will be brought in order to test various points?—Yes.

1310. If the Post Office undertakes this insurance, a considerable number of actions will be brought against the Post Office?—Yes.

1311. Do you think it desirable that a Government Department should appear as defendant in court against the claim of the workman?—Personally, I do not see why not. I know the general opinion among those that I have talked to on this matter has been that it would be derogatory and *infra dig.* for the Post Office to appear as defendants in a court of law, but I cannot see why. It seems to be nothing but sentiment.

1312. Adverting to the question of issuing a policy excluding temporary disablement, supposing the period for temporary disablement which would be excluded was laid down as one month, and the policy did not operate until a month after the injury had taken place, what would be the effect of a policy like that on the employee and the employer too as regards malingering, collusion and so on?—Are you referring merely to a policy?

1313. Supposing the Post Office issued a policy which did not operate until the man had been disabled, say, for a month or two months, and then it began to operate, the first period of temporary disablement would be excluded?—Yes.

1314. Then a rigid medical examination would have to take place to see whether the man would come under the special policy to be issued. Do you see any objection to that?—Yes, I see so much objection that I do not think that many employers would be likely to avail themselves of such a policy.

1315. You think that they would certainly like to have a policy beginning right away from the outset?—Yes. You see we have so many claims for trifling accidents, and they will be multiplied largely under the new Act. I should say by far the largest proportion of our claims, especially under the new Act, will be for trifling accidents which in the month or two months that I referred to would be all right again and the men would be fit for work.

1316. Then really it comes to this: the Post Office would do very little business if they did not cover all temporary disablement as well as permanent disablement?—I think that they would have to cover the whole of the liability under the Act.

1317. (*Mr. Turpin.*) That only refers to the building trade?—That is so. My evidence is entirely confined to the building trade.

1318. (*Chairman.*) You were speaking of the building trade?—Yes.

1319. Do you think it possible that even in the building trade some of the smaller men who will now be included might be willing to undertake the responsibility of compensating a man for a smaller accident, that is to say, one not lasting more than a month, if they could insure at a lower premium for all accidents of a permanent nature?—I think that such a policy might prove attractive to a small employer at the outset, but not after he had had experience of it.

1320. You do not think that a small employer only employing two or three workmen might consider that the likelihood of an accident happening to the men in his employ was very slight and he would run the risk of having to pay them half wages for two or three months, as possibly he might be able to afford that, but not be able to afford to pay a sum down in the case of a man's death, or say a pound a week for the rest of a man's life. You think that a limited policy would not have an attraction?—I have not heard the suggestion before to-day. Putting it as you have done makes me rather modify my opinion, and think that possibly such a policy might prove an attraction to some small men.

1321. To a certain class of small employers?—Yes.

1322. You think that some scheme of that character might be worked out?—Yes.

The witness withdrew.

Mr. A. G. WHITE examined.

Mr. A. G. White.

1323. (*Chairman.*) You are secretary of the National Federation of Building Trade Employers?—Yes.

1324. Is that a mutual insurance society?—It is not an insurance society; it is practically a trades union of master builders. It is an association for the general purposes of the trade.

1325. Do they carry out insurance as well?—They do not carry out insurance themselves, but certain members have formed insurance organisations for the purposes of the trade, such as the Master Builders' Mutual Insurance Company of London, which is an insurance company formed entirely by master builders,

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and deals with a certain amount of the trade of our organisation, but not necessarily all of it. In the same way, the last witness, Mr. Bullen, is connected with another insurance company in the north of England, which is formed entirely of employers who are members of our federation, but the federation itself does not undertake that work.

1326. How big is the federation? What number of employers do you consider you cover?—We consider that we cover probably in the neighbourhood of 6,000.

1327. Must the employer be a big man? Have you any restriction?—No restriction whatever. We take big and little.

1328. Any employer can belong to your association? —Yes.

1328*a*. What do you consider to be the requirements of the employer of labour as regards insurance? —The careful employer when he takes out a policy of insurance against workmen's compensation, &c. risks desires to be assured that he is covered for his legal liability against any and every contingency of claim which may be brought against him by a workman in his own employ, by a workman in one of his sub-contractors employ, by any third party who may sustain injury in or about his contracts, or by any action of his workmen while engaged upon his business anywhere, whether such claim is brought under Lord Campbell's Act, the Employers' Liability Act, 1880, the Workmen's Compensation Act, or at common law.

He expects the insurance company which takes his risk to deal at first hand with all claims which may arise, and to employ all legal and medical assistance which may be required, and not to require from him anything beyond information and facilities for obtaining evidence and prompt notification of any and every accident however trivial.

He expects in the building trade the rates quoted to cover a wide variety of risks; the same class of builder may at one time be building cottage houses, at another repairing roofs and chimneys at low or high altitudes, digging risky foundations to-day, building a lofty chimney or steeple to-morrow, erecting a one-storey shed this week, putting up a five or six-storey mill next, painting a plain non-risky house one time, whitewashing a dangerous well in an office building another time, putting up a simple stable this month, pulling down a dangerous building next. He expects his insurance rate to cover all such variations in his trade, and will prefer to place his business with companies who quote him on these lines.

Again, a small employer in the building trade will expect to pay much lower rates than a large employer, and will have no difficulty in obtaining such.

The employer will not expect to be penalised or to find himself not covered if his workmen refuse to use machine guards and similar precautions which he may have provided and notified them to use, although the workman by his action in so refusing has caused the employer to technically commit a breach of the Factory Acts.

He will also expect that he shall not lose the benefit of the insurance for which he has paid if he fails to give notice of an accident within a few days through its not having come under his notice or been reported to him.

He will expect the insurance company or department to take a liberal view of cases of hardship which arise where the workman or his dependants through some technical defect in the claim are deprived of compensation, and to make in such cases reasonable compassionate payments.

He will generally receive from the best insurance companies the consideration he expects on these and similar matters if he bargains for them.

He expects the insurance company to be financially equal to its obligations, and speaking generally, past experience shows that the companies have been so.

The employer will expect to be rated for such insurance according to his experience. There is a great difference between the experience of firms of the same class in regard to Workmen's Compensation. Some firms show a large number of accidents, but a very small ratio of claims—some are just the reverse. He will find that insurance companies are fully alive to this fact, and always rate an insurer according to his record of several years past.

He would probably look with favour upon the Post Office scheme of insurance, provided the policy offered and the treatment accorded was not less liberal than that of the best insurance companies. He is, however, prone to remain with insurance companies who have treated him well despite offers of lower rates by competitors.

1329. That is an excellent statement of what you think is the point of view of the employer of labour. That is gathered from a wide experience?—Yes.

1330. You think that there should be something in the nature of an average rate, to cover all the various contingencies that may arise in the building trade?—Yes, or you must have special arrangements by which a man can classify his risks. Some insurance companies (very few of them do it) will allow a man to classify his risks, and say, "I will have so much on this class of "risk, and I will have so much on the other class of "risk," and you arrive at an average that you will pay on eventually. Most of the insurance companies take a man according to his size. If his wages run to about 10,000*l*. a year, they class him at about 15*s*., and they say to him, "If you have any special extra risks for "this, that, and the other, you must let us know, and "we will have a special premium in respect of those "risks."

1331. Does the bigger man pay a higher premium than the small man relatively?—Relatively, yes; he should, if he is rated fairly. The risks are heavier.

(*Lord Farrer in the chair.*)

1332. (*Mr. Cochrane.*) You say that an employer does not expect to be penalised if his workmen refuse to use machine guards. Where serious and wilful misconduct on the part of a man has taken place, the employer would not expect the insurance company not to take advantage of it?—No.

1333. Generally, what the employer wants is a policy which will cover all the risks?—Yes, every contingency.

1334. And that the insurance company shall not take any technical objections, as a rule?—Yes.

1335. That they should not fight a case on technical points?—That is it.

1336. That would be the spirit in which you would expect the Post Office to deal with it, if they dealt with it?—Yes; otherwise they would not have a chance in competition.

1337. If every small technical point were raised, it would be impossible to expect people to insure with the Post Office?—Yes. They would get a bad name.

1338. And generally the best insurance companies deal fairly liberally?—Yes, they deal fairly liberally if a man will take the precaution of seeing that his policy is on right lines before he starts. That is what I mean by saying provided he bargains before he starts.

1339. There is a consensus of opinion that there will be a general rate for workmen's compensation agreed upon by the insurance companies?—I have seen suggestions of the probability of the formation of some kind of a ring, but I have not heard of anything more than a suggestion.

1340. Is it probable that there may be a general rate fixed?—I cannot say I am sure. The experience of tariff offices in fire does not seem to suggest that it would be permanent if it were formed.

1341. Some would break away?—Yes.

1342. You say that insurance companies rate an insurer according to his record for several years past?—Yes.

1343. I suppose that that record is open to the Post Office as to an ordinary insurance company?—Yes. The man has to make a return of the number of accidents he has had, and very often they ask him for the amount of compensation that has had to be paid and so on, for a period of perhaps three years or something of the kind.

1344. Naturally, if you see that he has had a great many accidents, you have to put the rate up and make him pay more?—Yes.

1345. There is no difficulty?—There is no difficulty.

1346. He can go elsewhere if he is not satisfied?—He can go elsewhere if he is not satisfied. Sooner or

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later some people, less prudent people, will take him up. Some people think the thing is safest when the thunderbolt has fallen.

1347. There may be a run of accidents?—Yes. A man will go for 5 or 6 or 10 years and never have a serious case, and then in one year he may have two or three bad accidents and then go on all right. On the other hand, there are some employers who habitually have many accidents in their work. I know both classes of employers.

1348. Is it lack of supervision?—I cannot say the reason. It is possibly due to the foreman having too much to do, or being careless and rushing things a little bit.

1349. You say that the employer would probably look with favour upon the Post Office scheme of insurance provided the policy offered, and the treatment accorded, was not less liberal than that of the best insurance companies. Could the Post Office as a commercial undertaking make it pay to deal with the class of the small employer?—Further on in my statement I have indicated what they would have to do if they intended to make it pay. They would have to carry on business just as an insurance company does, and have to look for it, and so forth. It will not come by itself.

1350. It will not come by itself?—No, there is too much competition.

1351. Although the facility given by the Post Office would be an attraction?—That would be an attraction up to a point undoubtedly.

1352. And the security of the Post Office?—Yes, but there is not very much in it because past experience shows that the companies have generally met their obligations all right.

1353. (*Mr. Davies.*) You say "The careful employer "when he takes out a policy of insurance against "workmen's compensation, &c., risks desires to be "assured that he is covered for his legal liability "against any and every contingency of claim which "may be brought against him by a workman in his "own employ, by a workman in one of his sub-con-"tractors' employ, by any third party who may "sustain injury in or about his contracts, or by any "action of his workmen while engaged upon his "business anywhere, whether such claim is brought "under Lord Campbell's Act, the Employers' Liability "Act, 1880, the Workmen's Compensation Act, or at "common law." I suppose that as far as the building trade is concerned there is no opening for the Post Office to do business under the 1906 Workmen's Compensation Act alone?—No, I should not think so.

1354. It is the tremendous extension of liability under the 1906 Act that has led to the question being raised whether the Post Office should take up this business?—Yes. Experience shows that in London wherever it is possible an action is brought under the Employers' Liability Act of 1880 in the first place, and then, failing under that, they fall back on the Compensation Act. Experience in the provinces is not quite the same. They very often by a little tact can be kept under the 1880 Act, but in London they go for you under the other Act, and the risk of the damages is so much greater that they very often bluff in that way.

1355. People who merely have domestic servants would have a liability under the last Act only?—I do not know whether a domestic servant would not be the same as a workman, and that would bring servants under the 1880 Act just the same. It would be much simplified if you could pin the workman down to the one Act, but you cannot. He has the possibility of bringing it under at least three heads.

1356. Then you are of opinion that not only for the building trade, but for employers of all kinds, cover under all these Acts is necessary?—Yes, distinctly.

1357. (*Mr. Denman.*) Your evidence relates largely to the large employer. When you talk of the great variety of risks that the employer may expect, you do not refer to the small man?—In a degree I do. It is a question of degree. The small man may have very risky work. You sometimes see it in the streets, where you have a couple of great long ladders up with a plank on a couple of cripples and a couple of men working on that 50 or 60 feet above ground. They have to stand on a narrow plank. That risk is the greatest of any risk that occurs to my mind. If the man is careless a gust of wind will bring him down. Small employers have a great number of chimneys and high buildings to repair and roofs. These small jobbing works are really dangerous where they apply to outside work and so on, but with regard to wages, the risk is a lower rateable risk than in the case of the employer who pays a high rate of wages. You cannot altogether theorise about it, but it is a matter of experience that over 1,000*l.* in wages the risk is considerably greater than it is under 1,000*l.*, and similarly over 5,000*l.* the risk is greater than with 1,000*l.*, and so on, as you go up, the bigger the wage roll, the heavier is the risk. It increases the higher you go up.

1358. The Forth Bridge is more dangerous to make than a stable?—Yes.

1359. Is it possible to treat small employers as a class, do you think, and to fix one premium that will be applicable to the whole class?—Yes. You might possibly issue a policy to cover employers who did not pay more than 1,000*l.* a year in wages, and that might answer the purpose very well. You would limit yourself to employers who did not pay more than 1,000*l.* a year in wages.

1360. Would it be possible to have a fixed rate of premium?—I think you might have approximately a flat rate in a case like that, for most of the building trade at all events. You would not have a great variety of rates, but one or two rates.

1361. The country builder and the town builder would be treated as fairly similar provided that the wages were not beyond a certain sum?—I think so. You would have to make a distinction if there is any machinery. Machinery introduces a distinction at all events.

1362. I suppose that there are any number of small employers in the country who would not pay more than a couple of hundred pounds in wages?—I have heard that there are such. It seems almost incredible, but I have heard builders say that it is so. I do not know it of my own knowledge. It seems incredible that they could live as employers with only a wage roll of 200*l.* I think that 500*l.* would be nearer the mark.

1363. For all those one could practically have a flat rate?—Yes, I think so.

1364. (*Chairman.*) You said with regard to the employer of labour "He expects the insurance company "which takes his risk to deal at first hand with all "claims which may arise." There has been correspondence going on in the "Times" lately as to the difficulty of the claim being taken up. Have you had any experience of that with insurance companies?—I have not personally had a case like that. I have heard of cases where the employer found himself really not covered by his insurance policy, and the insurance company in that case refused to take it up. The insurance company will take it up if the employer is covered by his policy.

1365. The question in this correspondence is as to the wording of the policy. I want to know whether, in your experience, you have ever found an insurance company declining liability on the ground that the claim was a bogus claim?—Not in my personal experience, but I have come across a great many people who have complained of such cases.

1366. I should like to ask you whether you think that that is a matter that the Post Office or the Government could deal with differently from the insurance offices? I suppose those difficulties would arise unless you had a final court of appeal—a doctor or somebody of that sort, whose statement was final?—I do not think it has anything to do with the doctor. It is a question of whether the man comes under the policy as one of the workmen insured, or whether the particular risk under which he has fallen a victim is covered by the policy.

1367. The particular point that I wish to raise is at what point the insurance company is willing to come in. Does that depend entirely upon the policy?—The insurance company comes in the moment the claim is made.

1368. Does it take, as far as your experience goes, as a rule, all risks after the claim is made?—All risks after the claim is made. In actual practice what takes

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place is that the insurance company insists that the accident shall be reported at the earliest possible moment. From the moment it is reported the insurance company has its eye on the accident to see by constant vigilance that it is settled in the quickest possible way.

1369. With regard to this correspondence, the question has arisen as to a bogus claim which the insurance company might refuse to meet. Have you had those sorts of cases of collusion?—You are referring to the case of a man who made a practice of going about having accidents, I think. That is an exceptional case.

1370. I am referring to correspondence which has been going on in the "Times" for the last four mornings, which has interested me exceedingly, in which Mr. Vian, who represents the insurance companies, stated that they had not the slightest idea of not taking up the risk, including the risk of its being a bogus claim?—I should expect that they would take that risk also.

1371. As a matter of experience you have not found it?—I have not found the company shirking the claim because it was a bogus one.

1372. Nor have you had experience of collusion between employers and employees in small cases?—I have never heard of such a case.

1373. You say that the employer will not expect to be penalised or find himself not covered if the employee has done certain things which cause the employer technically to commit a breach of the Factory Acts. Do you see any difficulty in one department of the Government under statute condoning the illegality committed under another statute? Have you considered that point at all?—I have not considered it, but I can quite imagine there might be a difficulty.

1374. That will be a question, perhaps, to ask other people. At present do the insurance companies pay those claims as a rule?—That depends. I know of some insurance companies who would take advantage of the technical breach to say, "We are not liable." I know of other insurance companies who would cover that as well as other contingencies.

1375. You say: "He will also expect that he shall "not lose the benefit of the insurance for which he "has paid if he fails to give notice of an accident "within a few days through its not having come under "his notice or been reported to him." I suppose that that is purely a legal question as to whether the insurance company is liable or not?—The insurance company generally put it in their policy that it must be reported within so many days, otherwise the policy will be void in respect of that particular accident. Some companies are a little more liberal. They put it that the accident shall be reported as soon as it comes to the ear of the employer.

1376. That again is a question of the wording of the policy?—Yes, it is a question of the conditions of the policy.

1377. Then you say he would "expect to be rated "for such insurance according to his experience. There "is a great difference between the experience of firms "of the same class in regard to workmen's compen-"sation." You are referring to the amount of the charge, I suppose. If it were found that he has paid too much during a few years it would be lowered?—If a man comes to you to be insured you inquire as to his experience. If it was a good one over four or five years, he would expect a more favourable rate than if he had had a number of accidents. I wanted to bring out the point that insurance companies take this into consideration.

1378. Then the general rates do not apply. Here I have a tariff sent by an insurance company giving a variety of terms which are to be considered as the lowest terms—builders not using machinery 15*s.*, machine hands 40*s.*, and so on. Do you mean to say it is a matter of individual bargaining in your experience?—The insurance company will consider the matter, and if your risk is as favourable as possible it will give you the minimum rate that is quoted there.

1379. Then it is only bargaining above the minimum rate?—Yes.

1380. That is what I wanted to know?—Yes, that is it. Of course in competition they might yield something.

1381. What are your views as to the needs of the workman in the matter of insurance?—He expects his employer to be fully insured, and therefore considers he is at perfect liberty to claim compensation on all possible occasions, and he shows as a class an increasing disposition to avail himself to the fullest of the benefits of the Acts of Parliament.

He expects his employer to insure with a reputable company, and one which will carry the whole risk.

He expects the promptest recognition of his claim to compensation, and the earliest possible payment of at least weekly allowances, otherwise he and his dependents suffer hardships.

He frequently prefers a lump sum in settlement of his claim, because it enables him to go away to recruit his health and recover his strength, and to treat himself to better nourishment for that purpose.

He sometimes shows a tendency to take advantage of the situation, and often falls into the hands of speculative lawyers, of whom there are many, especially in Scotland, and in such cases the claim ratio comes out high. He also at times is given to malingering; he also often fails to recognise that, by reason of his accident and consequent abstention from his usual muscular effort, he has got out of his usual fitness for work and lingers on the sick list a longer time than he ought.

If his accident maims him, he is severely handicapped in obtaining future work, partly by the trades union rules requiring all their members to be paid the standard rate, and partly by the stringency of the Compensation Act itself, which causes employers to refrain from taking on men who by nature of their maimed condition are more likely to suffer further accidents, and are barred as far as possible by insurance companies on that account.

If he has insured himself against accident through his union or otherwise, he may be but little worse off in actual money while he is enjoying double compensation, and in such cases he shows no disposition to get well quickly.

He would probably welcome a scheme of insurance by the Post Office on the ground of the Government security it afforded, but would have no means of influencing his employer to avail himself of the Post Office scheme.

1381*a*. You say the workman "frequently prefers a "lump sum in settlement of his claim, because it "enables him to go away to recruit his health and "recover his strength, and to treat himself to better "nourishment for that purpose." I presume that also there is the question of preferring a lump sum in order to drink it away in the case of a bad man, and he might then come on the State afterwards, as you say, if it is done by the State, as a pauper?—Yes, there is such a possibility.

1382 I am only putting it as a very abstract proposition?—I might say that many insurance companies exercise a little discretion. It rests with them to offer a lump sum, and some insurance managers are a little conscientious about this matter, and they would look into the case, and they would not offer a lump sum if they thought that it would be abused.

1383. Do you think that there is much ground left uncovered by the insurance companies?—There is great competition among insurance companies for this class of business, and all the insurance companies are showing a disposition to go into this line of insurance; this is especially the case with fire and life companies, who having already covered the country with agents for the fire and life business, find but little difficulty in adding thereto Workmen's Compensation business, it is questionable if there is any considerable amount of such business uninsured, except possibly among large concerns which carry their own risks. Some evidence has come under my notice showing apparently about 18 per cent. of uninsured employers out of a total of about 1,000 fresh insurances affected by an insurance company, but the number of cases is too small to found a general inference upon.

Insurance companies, finding the competition for this class of business so keen, are likely to consider the action of the Post Office in entering upon this business

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as merely the uprising of another competitor, who is seeking to transfer a portion of the business they now do to the Post Office, which will merely increase the expense ratio of all engaged upon such business, without conferring any corresponding benefit upon the workmen or upon their employers.

It must also be remembered that insurance companies cover a wide field and many kinds of insurance business, and therefore their expense ratio must be much lower than would be the case where one class of business only is catered for, and this fact is bound to affect the rating.

1383*a*. You say "Insurance companies would be likely "to consider the action of the Post Office in entering "upon this business as merely the uprising of another "competitor who is seeking to transfer a portion of the "business they now do to the Post Office, and thereby "merely increase the expense ratio of all engaged upon "such business." I do not quite follow the argument. Why should it increase the expense ratio if a fresh competitor comes into the business?—Supposing you take the gentlemen round this table, and each represents an insurance company. We will assume that they represent the total number of the insurance companies that are doing the business now. They receive a certain revenue, and they have a certain expense ratio on the total business. You bring another man in who has another insurance company, and the same amount of business has to be divided up among them, and every one will get a little bit less unless the business is going to grow, and therefore it will cost them all a little more relatively to the total amount they will get.

1384. You hedge it, if I may say so, by saying "unless the business grows"?—Yes, unless the business grows. There is legitimate expansion.

1385. You are not looking upon them as a trust with a certain amount of business? They have given us evidence that constantly new competitors come in if their rates are the least bit too high?—Yes.

1386. Most of them conduct other business as well, so it is extremely difficult to know what the expense ratio is. You are on the general principle of there being only a limited amount of business, which is now divided?—Yes, that is so.

1387. (*Mr. Denman.*) Your point is that the fewer the companies the more economically the business can be run?—In a sense that would be so to a certain extent—not indefinitely so, but to a certain extent. Competition costs money.

1388. But surely it is so, not to a certain extent, but absolutely. Were all insurance effected by one corporation the actual organisation of insurance would be more economically performed?—Yes, it would if you did not get into the difficulty of having no competition, when cost always rises. Competition in the one sense keeps down cost, but when it gets to an extent where there is no margin of profit the competition of getting the business becomes so extremely keen that you have to spend too much money to get it, and it does not pay. Each brings the same result at the end, whether you have too much competition or too little.

1389. This opens up the question as to how the field for insurance is at present covered. In your experience, will the small employers find any difficulty in obtaining facilities for insurance?—No, not if they seek for them—not the least. The insurance companies will be delighted to get them. Insurance companies like small employers because they pay them better; the risks are not so heavy, but it sometimes costs too much money to go after them, because the total premium that each employer pays is very very small. If a man is paying 5*s*. per cent. on 500*l*. of wages, you may easily spend all your premium in getting it if you have to run after the man. It is quite otherwise if he comes to you.

1390. Do you think that the existing facilities are adequate?—Yes, I do.

1391. You think that the small employer will go to the companies?—I think he could go if he liked. I do not say that he does. I think the facilities are adequate if a man likes to avail himself of them.

1392. You mention here 18 per cent. uninsured employers?—That is an experience that came under my notice. In a thousand cases they found 18 per cent.

1393. Do you think that is the general experience in the building trade?—I could not take it beyond that information. In fact, I remark here that it is rather small to infer from, and I have had no other figures that would help me.

1394. You have really no information whether the small employer does or does not insure?—No, I have not.

1395. Have you gathered that insurance companies are showing great activity in obtaining business?—Yes, the competition for business is keen. I have to travel about the country visiting the different branches of our organisation, and I hear about their going to the various parts of the organisation and taking the whole of the association under a collective bargain.

1396. Would you expect that the small builder would be less sought after by agents than the small farmer?—No, I do not think so. The small builder is usually in something of the nature of a small town. He is rarely absolutely isolated in the country. So I should think that the small farmer would be the less sought after of the two.

1397. The probability is in your mind that the builder living even in a small village will be as actively canvassed as every householder who has domestic servants?—I think that very likely it is the fact that the new arrangement about domestic servants is going to make it worth while for the companies to canvass a lot of places that had not been canvassed before, and incidentally they will pick up the small builder.

1398. You have no actual evidence on that?—No, it is only supposition.

1399. (*Mr. Cochrane.*) You consider that the Post Office in entering into any branch of this business might be taking it away from existing insurance companies. You gave an illustration of the gentlemen sitting round this table saying that if you were to add to their numbers the new person coming in would share the existing business and increase the ratio of expenses?—Yes.

1400. But under the new Workmen's Compensation Act the business would be nearly double?—Yes, to that extent there is opportunity.

1401. That makes a substantial difference?—Yes; but ultimately the effect is the same.

1402. Competition for the new business without inflicting any hardship on existing companies might be possible?—I do not see that it is any hardship. They have to face this—if you do not compete some one else may. My point was rather directed to this—that I thought that the Post Office might have it in mind that there was a field that was not really touched by the insurance companies, and that they were not desirous of entering into the general field of competition. I want to make it clear, that if they do enter into the field of competition they will have to do it on the same terms as any company does.

1403. I would really like to ask you your opinion, having regard to your wide experience, as to whether there is any ground in the future that will not be properly overtaken by the insurance companies? Is there any ground upon which the Post Office might come in to the advantage of the country at large?—It means a very scientific use of the imagination—I cannot say.

1404. There is no experience yet?—No.

1405. You speak of 18 per cent.?—Yes, that is an actual case. I applied to an insurance company that I know, and I asked them to look up cases. They looked through a thousand, and they found that out of the thousand 18 per cent. were employers who had not previously been insured.

1406. The gentleman who was kind enough to give evidence just before you, Mr. Bullen, spoke of the cases, and he divided up the 18 per cent. He said that he thought that a considerable proportion of the small employers were ignorant or careless. Would that be your impression?—I do not know anything about the details of the cases. I just got the general statement. Mr. Bullen has more knowledge with regard to that.

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1407. (*Chairman.*) To what extent is insurance effected through Employers' Federations?—Employers in the building trade and in other industries, such as the engineers, are federated throughout the country for common objects. They do not include in their membership the whole of the employers, but by reason of their organised position they exercise a wide influence over the employers in their respective industries just as do the trades unions over the workmen.

Among the objects of these federations is insurance of the Workmen's Compensation and other risks of their members. This is effected by collectively bargaining with insurance companies or by forming mutual insurance companies.

By means of collectively bargaining the most liberal policies and the most favourable rates are secured to the members, and often the federations themselves secure a financial advantage in the way of commission besides, while in some cases the insured also share in any profits which may be earned.

It is not known how many mutual insurance companies exist for this purpose, but about 30 are registered. It is not likely that the entry of the Post Office into the insurance field would materially affect the existing arrangements of the federations, while it is the policy of these organisations to continually draw into the federations those members of the trade not already affiliated, and this tendency is assisted by the present state of trades union law and the increasing competition in all branches of industry.

1408. What, in your opinion, would the Post Office have to be prepared to do if it goes into Workmen's Compensation insurance business on existing insurance lines?—It would have to offer a policy to employers not less liberal in its provisions than the policy now offered by any reputable company, and rates which compare favourably with those of existing companies; and it must be borne in mind that through local circumstances rates vary very considerably in different parts of the country for identical classes of risk. The rate that would suit Lancashire would be too high for some parts of the southern and country districts of England. The rate for Lancashire would be too low for London or for Scotland, and so on.

Then it must hunt for business in competition with the companies, for if this was not done the best paying business would be captured by the companies, while the bad risks would tend to gravitate towards the Post Office, and so raise its rates or cause a loss.

It must deal with claims promptly, and on elastic lines suited to circumstances. In the management of insurance companies doing Workmen's Compensation business the making of a profit or loss largely depends upon how this work is done. The practice of the best companies is, on receipt of notification of accident, to at once ascertain on the spot all the evidence available, and expert knowledge is needed to appraise the value of the evidence or extract material evidence from what is not material.

Again it must see the injured person quickly, treat him sympathetically, and pave the way for a settlement by the payment of a lump sum; and if the case looks like involving a lengthy recovery, try by tact to keep the man from getting into the hands of speculative lawyers.

It must try and settle on Compensation Act lines rather than allow a claim to be preferred under the Employers' Liability Act or at common law. If the claim goes into a lawyer's hands a further set of considerations arises. Insurance managers by experience gain much legal knowledge and require it in these negotiations. Much freedom of action must of necessity be given them if they are to make successful bargains in the matter of claims, otherwise the opportunities which may occur for an economical settlement are lost.

Again much use has to be made of medical expert knowledge—many cases have to be seen by the insurance companies' medical man on the chance of a serious claim arising, and several examinations may have to be made at intervals—malingering has to be watched for and counteracted.

When cases arise involving exorbitant demands—and they are by no means infrequent because the workman has chances of formulating demands—then legal resistance has to be resorted to, and cases involving a principle may have to be carried to the House of Lords eventually. Under the new conditions caused by the extension of the Workmen's Compensation Act last year there is likely for some years to come to be a good many such cases.

It must have expert rating for the various risks in the various industries. This work in the building trade demands considerable experience on account of the great variety of conditions which occur in the building industry and the various risks which have to be undertaken by the individual builder. These I have already sufficiently referred to.

I imagine that the intention of the Post Office is to protect the workman and secure to him his compensation, and the difficulty of rating the great variety of risks incidental to the building trade is that an all round flat rate must of necessity be rather high, while if employers insuring with the Post Office arrange their policies on the lines pursued at present by some of the companies, many exceptions and exclusions have to be made in order to keep the rates at a reasonable figure, and sooner or later exceptions and exclusions lead to the employer having a case which comes for settlement under an exception or exclusion, and then he realises that he is not covered by his insurance policy, and must meet the liability himself. If he proves unable to do so the workman or men must suffer.

There is no means of compelling the employer to pay such a rate as will cover every possible risk, and some risks are so remote that it would be unfair to expect him to insure them.

I fear, therefore, that if I have correctly inferred the object of the Post Office, that under present circumstances merely entering the field as insurers of Employers' Liability and Compensation Act risks will not attain the object.

It is conceivable that there may be a residue of insurance business of this class which existing offices do not touch, but it is very likely to be of very small aggregate amount in premiums, and might not prove worth organising a Post Office department for.

1408*a*. When you said "on existing insurance lines," do you contemplate that it is possible for the Post Office to go into it on other lines?—Yes, if the law permitted it. I have a suggestion to make about that later.

1409. You say that it has got, if it goes on these ordinary lines, to "offer a policy to employers not less "liberal in its provisions than is now offered by any "reputable company—rates which compare favour-"ably." Therefore it has to compete on exactly equal terms?—Yes.

1410. You say "it must be borne in mind that "through local circumstances rates vary very consider-"ably in different parts of the country for identical "classes of risk." I do not know exactly what you mean by that. Will you just explain?—Take the case of a man who is a builder paying about 10,000*l*. in wages. His risk, or rather his rate, ought to be higher if he does business in London than if he does business in Lancashire, and it ought to be higher if he does business in Scotland than if he does business in Lancashire, and it ought to be lower if he does business in some of the country districts of the South of England. The reason appears to be that in London the legal expenses of claims make the expense ratio very high. In Lancashire it is not so high as in Scotland. Scotland is one of the worst places to do business in. All insurance companies are afraid of it. The Scotch are very litigious, and there is a very considerable class of speculative solicitors who lay themselves out to make cases on the no cure no pay system. In all large centres the operative societies look better after their men. Many of them have all the cases immediately reported to the trades union, and work through the trades union, and wherever they organise the claims are as a rule better put and result in larger expense. On the other hand, in the country districts where there is no organisation the employer gets off a little easier.

1411. That is an extremely interesting answer. Do you think it would be possible for the State to charge a different rate? You say that Lancashire, for instance, would have a different rate from Sussex?—From a country district almost anywhere. The country districts

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are rather limited in Lancashire, as the towns are so close together.

1412. When you get up into the Fylde and north of the Duddon you get plenty of country districts?—In a country district where the men are not well organised it is very likely that the employer will get off easier than he does in other parts. There are no claims on his policy, and, therefore, the man's business will pay better, and ultimately that will be appreciated in the form of a reduced premium to him by competition. I find the premiums differ up and down the country. A company that quotes certain rates in Lancashire cannot get business in South Wales at those rates. That has brought it under my notice.

1413. You say that they quote different rates?—Yes.

1414. Would it not be very difficult for the State to quote different rates?—It would be very difficult. I am bringing out the point for your information. I hope that it is clear now.

1415. (*Mr. Denman.*) You say it is important that claims should be dealt with promptly. Do companies begin paying the weekly sums within a short time after the accident?—As soon as the fortnight, or under the new Act it will be seven days' expires, they do.

1416. If a Government department could not examine a claim and decide to settle it within that time, it would become very unpopular?—Yes, they would have to deal with it promptly, because the man is entitled under the Act to his money in the first fortnight. You can take your time about arranging for a lump sum, but you must begin to pay the money directly it becomes due. What the companies do, I may say, is to authorise the employer to pay the man so much a week. At the end of a month or so they get a bill from the employer and they reimburse him in a lump sum. They do not send it every week.

1417. Would the company deal with such cases locally, or would they be dealt with at headquarters?—It depends on the case. If the case is likely to be at all serious, generally somebody comes down from headquarters to look into matters.

1418. Have you any complaints made to you concerning the treatment meted out to employers by companies?—Yes. There have been complaints. It was due to certain complaints that the company that Mr. Bullen referred to was established. I was one who promoted it.

1419. (*Mr. Kirkwood.*) If the Post Office undertook this business I suppose it is absolutely necessary that they should canvass freely for it?—Yes; it would not come without.

1420. As far as you can see the present insurance companies cover the whole of the field. There is no necessity for the Post Office to undertake the business?—Yes. What with fire and other things, they all work in together.

1421. There is no reason therefore for the Post Office undertaking the insurance?—Frankly, I think not. That is my opinion.

1422. (*Mr. Hewby.*) As regards local variation of rates, do you know whether the same company differentiates ever in different localities, or does the variation merely operate to make one company lose the business and another take it?—I do not follow that point quite. Would you say it again.

1423. As regards local variation of rates for insurance, do you know of cases in which the same insurance company charges different rates in different localities?—Yes, and in the same localities as far as that is concerned.

1424. Yes, but I am merely considering the local variation?—I find this when I visit different associations. When I was down in the Cardiff and Swansea district I spoke to my people down there, and I said, "Are you insured." We advocate as a federation collective bargaining for insurance. It is my business to advocate it. They said that they were in negotiation with companies. "What companies?" "So and so." "Have you had any negotiation with our company in the North?" "No, but we had quotations from them some time ago, and they were rather high compared with the rates down here." It comes to me in that way. I know that the companies in Lancashire are competing with the very company in question, and sometimes one gets the business and sometimes the other. On the north-east coast the rate sometimes runs lower than in Lancashire. I cannot say the reason; there may be several. Sometimes it is lower expense ratio, and sometimes severity of competition, and so on.

1425. (*Chairman.*) I believe you have a suggestion to make as to a possible Post Office scheme?—Yes. If by means of the contracting-out clauses of the existing Acts the Post Office could offer a scheme of definite lump-sum payments for all accidents whatever, and classify the accidents and the sums payable in respect of them, I think there would be an opportunity for the Post Office to secure the object it appears to have in view. Such a scheme would have to be contributed to jointly by employers and workmen.

1425*a*. Would not that necessitate the very highest possible form of insurance—the most expensive form?—What brought it to my mind is that I know there is a tendency among small employers to enter into these joint policies with their men. I think it is probably due to the fact that they are more intimately personally connected with their men, and they find that in some cases a man is injured and has no claim upon them as an employer, and therefore the insurance company has nothing to pay, but they say to themselves: "That man "has been with me for so many years and I must pay "him." And that brings them round to a desire to have joint policies. There is a fair amount of business done by insurance companies in these joint policies. They generally run at about 2*s*. 6*d*. per cent. more than the ordinary policy, and the workmen subscribe a penny a week.

1426. What advantage does he get if he does not get out of the Act?—He gets paid for every injury from the moment that it takes place.

1427. That is the main thing?—It covers absolutely everything.

1428. That is one thing that you think the Post Office at any rate might with advantage do?—Yes, because I think on these lines you could offer a schedule of risks paying definite lump sums. I do not think you would gain much advantage by merely taking up the risks which the insurance companies now take. If you could by a contracting-out clause have a policy giving a schedule of all risks—which is done to some extent on the Continent, I understand—giving a lump sum for the injury, dealing with all accidents from the moment they occur, I think you would have a policy that would be very attractive, but both sides to have to subscribe to it.

1429. Would not you have to have machinery for examination, just as much as if you were doing the whole thing? I am putting it only from the point of view of practice?—No. I take it that you would say that if a man had any injury that incapacitated him from following his work, he would have to have in any case so much.

1430. Who is to be the arbiter?—It would be sufficient, I take it, if the man proved his injury through a doctor's certificate.

1431. There would have to be a scheme of doctors covering the whole?—Yes. There are already official doctors under the Act.

1432. Yes, but it is not simply a question of buying a ticket which says that on A and B writing their names and saying that B has had an injury he is to have so much. There must be some machinery behind it?—Yes. You cannot do without some machinery. May I add to what I have just said that the point I want to get at is to eliminate the litigation so that the man is paid in any case. If you could eliminate the litigation it would make the insurance relatively much cheaper. That is where the money goes.

1433. You would take out all litigation, but you would need the arbiter in the shape of a doctor or somebody?—Yes, to that extent. Somebody must certify the injury.

1434. (*Mr. Kirkwood.*) Do you agree with the previous witness in his opinion that it would be no good

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or the Post Office to issue a policy which would exclude temporary disablement?—I quite agree with that.

1435. It would have to be a policy to cover disablement of all kinds?—Yes.

1436. Suppose that the policy was for permanent disablement and death only, and issued at a lower rate? —With regard to permanent disablement and death only, the witness was clear and I am clear about it. I do not think you would have any business at all.

1437. Not even at lower rates?—Insurance companies insure those risks with Lloyd's. That is merely to protect themselves. The individual would not trouble himself about it,

1438. Even if the Post Office issued a policy at a cheaper rate?—He cannot avoid it with regard to the other risk. When he puts the two together, the question is whether it is cheaper. It is doubtful.

1439. Might not the employer take the risk for a month or so?—It is possible that in a limited sense it might be taken on, as was said in answer to the Chairman.

Mr. A. G. White.

8 April 1907.

1440. (*Mr. Denman.*) Before the Committee of 1904 the Secretary of the United Builders' Labourers' Union gave evidence that his Union strongly objected to all schemes of contracting-out on the ground that they were always less favourable to the workman?—Under the Act it would not do any good if it is not more favourable to the workman.

1441. It is a question of opinion whether it is more favourable or not. They find that it is less favourable. For it to be attractive to an employer the workman must always contribute so much as to make the expense to the employer not greater than it would be under the Workmen's Compensation Act?—Yes, probably. Probably the workman pays for the additional advantages really indirectly.

1442. So that it would possibly not be a very popular scheme?—I am inclined to think that it might be popular if it was a question of definite lump sums for injuries.

The witness withdrew.

Adjourned to Thursday next at 11.15.

General Post Office, Thursday, April 11th, 1907.

PRESENT:

THE LORD FARRER (*Chairman*).

The Hon. T. H. COCHRANE, M.P.	L. J. HEWBY.
H. DAVIES, Esq., D.S.O.	W. G. KIRKWOOD, Esq.
The Hon. R. D. DENMAN.	W. G. TURPIN, Esq.

E. RAVEN, Esq. (*Secretary*).

Miss SOPHY SANGER, examined

Miss S. Sanger

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1443. (*Chairman.*) You represent the Women's Trade Union League?—Yes.

1444–5. I think you understand that the terms of our reference do not cover compulsory insurance? —Of course, I understood you would not be considering whether it was advisable to have compulsory insurance, but I put down a note in my heads of evidence referring to compulsory insurance, because I felt that it was one point in favour of Post Office insurance that it would be an experiment. It would give experience in one Government department. I did not propose to argue in favour of or against compulsory insurance. I understood that would not be within your province, but I imagined that from that point of view it might perhaps be useful to raise it.

1446. Do you consider that it is practicable for the Post Office to undertake insurance against employers' liability?—The point of practicability is really not one for me to deal with altogether, because it is more a point for people with more business experience; but it seems to the ordinary person that the Post Office would be very well organised for the kind of work. I think you want for insurance a large number of branch offices where payments could be made, and in the Post Office you have that in the tiniest villages. It could be run through the local office, and I should have thought that would have been more convenient, and it seems to me (but without any special knowledge of course on this point) that one advantage would be that you could arrange to have premiums collected through the Post Offices at very little expense. But I should propose to refer to the cost of collection in other connections later on. Doubtless you will have more about that from the insurance companies themselves.

1447. We know here on this Committee, to some extent, about what you are speaking of as to the organisation. Your point is that the Post Office covers the whole country?—Yes.

1448. I do not think that perhaps it is necessary for me to point out that the Post Office, if it takes up this work, must have its own doctors?—Yes.

1449. Perhaps some of the members of the Committee will ask about that. Accident insurance is different from other forms of insurance in certain respects. It must deal with the individual who is injured?—Yes, naturally.

1450. And there must be of course some referee to settle whether or no the injury is such as it is represented to be?—Yes. It will be the same with any insurance company. They all, I suppose, have their medical men working in connection with them.

1451–2. (*Mr. Denman.*) Do you know as a fact of any village where there is a post office, and in which there is not at least an agent of one insurance company?—I have not really thought of that point. I do know a very small village up in the Fens where they have a post office, but where I have never come across any insurance agent, but that is no guarantee that there is not one; I should have thought that there might be such villages, because in some small villages it can hardly be worth their while to keep an agent, and it might also be hardly worth while for anybody to undertake that work in small agricultural villages; but it is a difficult point for anybody who has not very wide experience of the country to answer.

1453. Your union has not made representations to you that there are difficulties in any localities about effecting insurance?—No. We should not hear very much of that point of view, because we deal mostly with the workers. If it had been a question of difficulty of insuring, the workers are not concerned with that.

1454. Do you mean any kind of insurance?—I was thinking of accident and employers' liability. Our workers generally receive benefits for sickness if they have a trade union, so they probably would not insure elsewhere on the whole.

1455. I suppose that your union covers most localities in England?—It covers the whole country, but we have not trade unions in all parts. It is mostly in the towns.

1456. (*Chairman.*) Do you think that if the Post Office undertook this class of insurance business fair

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dealing would be secured and undue pressure would not be exerted to prevail upon workers to commute for a lump sum?—Yes.

1457. You will give the reasons afterwards, perhaps?—Yes.

1458. Have you found that societies such as the Women's Trades Union League have difficulty in dealing with cases where the insurance companies will not communicate with them, but persist in trying to negotiate with the workers direct?—Yes, there is difficulty with regard to that.

1459. Do you think that employers would not have a tendency, if insured in the Post Office, to put obstacles in the workers' way, no pressure being put upon them to do so?—Yes, I think that is so.

1460. Do you think that Post Office insurance would afford an absolute guarantee that compensation would be forthcoming?—Yes.

1461. I presume your reason for saying that fair dealing would be secured is that you think that undue pressure would not be exerted by the Post Office to prevail on workers to commute?—Yes.

1462. Have you instances to give us of undue pressure being put on workers to commute?—Yes. There are two kinds of cases—in the first place the cases where a worker is permanently injured, and it is very much to the insurance company's interest to commute. In such cases often it is very much to the advantage of the workers not to commute. They much prefer to have a weekly payment. I have had one or two cases brought to my notice where the workers have been induced to commute by being, if I may say so, worried by the insurance company. They send their agent. I do not know how far the head office is responsible for their agents coming round and pressing them by saying that they are going to stop paying the weekly payments and pressing them in one way and another. I have come across one or two cases where people, unwilling to commute, have been induced to do so by these means. I might point out that the insurance companies seem to regard it as very much to their interest to commute. They regard the commutation clause under the old Act of 1897 as a clause which very much reduces the cost of insurance. There is a note about that in the evidence before the Home Office Committee, where that point was mentioned by some of the insurance companies, and I find it referred to in the Report of Sir Kenelm Digby on Foreign Insurance Systems. One of the insurance companies points out that in foreign countries the cost is higher because the right to commute does not exist. So it seems that the insurance companies regard the right to commute as a benefit to themselves and as a great advantage from the employers' point of view, and that it saves them something. Another point is that the insurance companies and employers have been very unwilling under the old Act to take cases into court for commutation, because such large sums—in fact, an amount based on what would be required to buy an annuity—have usually been awarded, but they have not scrupled to put pressure on people to commute by agreement without going into court. We have come across several such cases where pressure has been put where people did not know that if they were permanently disabled they had the right to a large amount which would enable them to buy an annuity to the amount of something approaching what they were receiving. Naturally, the Post Office would not do things of that kind. Then there is another difficulty which really comes under the second heading, which is not so much that the workers are pressed but tempted to accept the lump sum in settlement. After an accident very often we find that the whole family is (even in the case of women workers, if the father happens to be out of work) in great distress; and it is very tempting for them if the insurance agent comes round, or if they are sent for to see him and they go, to settle for a small sum, say 5*l.* or 10*l.*; whereas if they had held out and refused anything but the weekly payments, they would have got more in the end in some cases. This arises especially in cases of employers' liability, but if the Post Office thought of undertaking insurance I suppose they would have to include cases under the Employers' Liability Act as well as the Workmen's Compensation Act. Often in cases of that kind we find by waiting a little while to see how the injury will turn out, and negotiating, that we can settle by negotiation without going to law; but it is very difficult to do so if we are afraid that the insurance agent will go round behind our backs and persuade the worker, who is in great financial difficulties, to settle for some smaller sum than she really ought to accept.

1463. I presume you think that the Post Office, if it undertook this business, should do so on a commercial basis, that is to say, that it ought not to be a loss to the Post Office?—No. I did not imagine you would do anything that was not on a commercial basis,* but still this sort of action on behalf of the insurance company is really not quite fair. I think the Post Office would realise that voluntary associations like ours are a great boon to the workers, and that they would in all cases be ready to treat with us if any difficulties arose.

1464. That is another point?—Yes. The two points really go together. On the first point I do not think the Post Office would send people round to worry old ladies to settle for a lump sum, when they preferred the weekly payments, for less than the amount which the Act provides for them.

1465. Then I presume that if the Post Office treated the public generally in a more liberal way, the premium paid to them would have to be somewhat higher?—I do not imagine that the Post Office would treat the public in a way more liberal than the Act allows, but certainly there have been cases of undue pressure which I do not think that the Post Office would exert in the same way that the insurance companies' agents would.

1466. Do you think that on the whole undue pressure is exercised by insurance companies?—It would be difficult to say so broadly as "on the whole," but pressure is on occasions exerted where it should not be.

1467. Would you go so far as to say that it is frequent?—It is very difficult for me to say whether it is frequent. I think I might safely say that it is. I do not know whether it would be frequent under the first heading, but the point is that they have a tendency to persuade the workers to settle for rather smaller sums than they ought, because they are so hard up that they cannot wait. I think that probably is quite frequent.

1468. (*Mr. Denman.*) Your objection is to commutation in general rather than to the action of insurance companies, is it not? These cases you mention are cases of free agreement between workmen and insurance companies?—It is free in a sense of course, but the question is whether the insurance companies have paid as much as they would have had to pay if proceedings had been taken, or the workers had had proper legal advice.

1469. You mention with satisfaction that in certain cases abroad the right to commute does not exist. It is the right to commute that offends you?—In the French law they can commute in a sense, but they can commute only for an annuity, or something of the kind. Sometimes a lump sum is very much to the advantage of the workers, and I have had cases where they have been very anxious to have it, but they have no right to claim it. If they want to claim a good deal, the insurance company will not pay. The worker has no right in any case to claim a lump sum.

1470. The question of commutation is purely a Governmental matter. They have recognised the desirability of commutation, and have even enforced it on underwriters under the Employers' Liability (Insurance Companies) Bill. They make it compulsory?—Yes. I do not think I should raise any objection, with my experience, to having some arrangement for commutation, but I do not think that insurance companies and employers ought to be able to benefit by commutation. It ought to cost just the same for them. If it is more convenient for them to commute, or a worker wishes to commute, then it would

* (*Note by witness.*) It was not my intention here to convey the meaning that the Post Office should work for profits like the private companies. On the contrary I consider that, although the Post Office would naturally calculate the risks on a strictly commercial basis so that no loss should be incurred, yet profits should not be required.—S. S.

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be all straightforward, but I do not think they ought to have the opportunity of benefiting by it as I think they do.

1471. You mentioned just now that the workmen did not know they had the power to obtain the annuity value of their weekly wages. Under the new Act I suppose there will be less liability of the prevalence of that ignorance?—Well, I do not know. We deal mostly with women, and I think on the whole they generally know rather less than the men. I think that the men would probably know better, though one does come across cases of ignorance. Under the new Act there is a special provision that they may commute for the amount required to buy an annuity equal to three-fourths of the weekly payments or something of the kind, but still that will not alter these so-called voluntary agreements, as I understand.

1472. (*Mr. Cochrane.*) Might I point out, because I think the point was pretty well cleared up in the discussions on the Bill, that an employer may commute a weekly payment by giving a Post Office annuity up to 75 per cent. of the amount?—Yes.

1473. Then again, "That nothing in this paragraph "shall be construed as preventing agreements being "made for the redemption of a weekly payment by a "lump sum"?—Yes.

1474. In the next schedule a memorandum has to be drawn up and presented to the registrar of the county court?—That will be a safeguard, of course.

1475. On any information which the registrar considers sufficient as to the inadequacy of the lump sum for redemption of weekly payment the registrar may interfere to annul the agreement; so there is absolute security, I think?—Yes, I have noted that. It will be an advantage to us. We could have raised some of these questions as to the settlement before. It will act as a check upon the tendency to commute, I agree.

1476. The registrar may refuse any memorandum that has to be deposited with him with regard to any commutation on any information which he considers sufficient?—Yes.

1477. (*Mr. Denman.*) You think that compulsory registration will really affect the cheap commutations?—It should do so, because I understand from the Act that they can claim to return to the weekly payments if the agreement is not registered; so that will compel them to register. But I have no idea how it will work, because one does not know what will be regarded as fair by the registrars. It will be interesting to see how it works. And then again, where there is a question of Employers' Liability Act cases coming in, I do not know how they will be affected.

1478. Do you think it is likely that the Post Office would take a different view of what is a fair agreement from a registrar of a county court?—Really, I do not know; they might. I cannot say what view the registrar of the county court may take, but I think it may be found rather difficult to raise these questions. I do not know how it would work.

1479. (*Mr. Cochrane.*) The registrar could review any decision come to by the Post Office just as he could that of any insurance company?—Exactly.

1480. So you have really to consider the registrar?—Yes.

1480*a*. (*Mr. Denman.*) You do not think there would necessarily be much difference between a commutation by a public company that has to be reviewed by the registrar, and a commutation made by the Post Office which also has to be reviewed by the registrar?—You would be perfectly safe with the Post Office, I think. They could not very well exert any kind of pressure in those cases, where, as I said, the poverty of the worker is rather taken advantage of. It might still be done to a certain extent, though it could not be done in serious cases under the new conditions. I think we should be safe in thinking that the Post Office would not do it at all. It is really trying to evade part of the legal liability, and the Post Office would treat them absolutely fairly.

1481. You said just now that the lump sum was a great temptation to the workman. If the workman were tempted by his own feelings to accept a low settlement, it would not be the duty of the Post Office to increase it?—No, but my point is that it is done behind the backs of the voluntary associations willing to help the workman. That was my point rather with regard to that. I took it that the Post Office would naturally be in the position of those insurance companies who treat with us in the ordinary way as with a solicitor. What I mean is that they would be willing to treat with voluntary associations who are helping and advising.

1482. (*Mr. Davies.*) With regard to fair dealing, is your suggestion that unfair dealing is all on the side of the insurance companies and the employers?—Do you mean that there is malingering on the part of the workers and so on?

1483. Yes. What experience have you of that?—I have not much experience of that. I have not found on the whole that girls succeed in shamming when there is medical evidence and medical examination. I have never found any real difficulty in that way. By examining them we can generally find out really what the injury is.

1484. The voluntary associations on the whole, I suppose, hold a brief for the worker rather?—Our position is more that of a mediator in this kind of case. We try to settle without legal proceedings if possible. If we cannot settle we send the worker round to our solicitors.

1485. Where an insurance company is willing to correspond with the association, do you take up a strictly impartial attitude, looking after the interests of the company as much as after the interests of the worker?—No. Of course we look after the interests of the worker.

1486. Rather more?—We should be specially interested in the worker, our view being that the insurance companies can look after their own interests. Our point is to see that the worker gets as much as the legal amount she is entitled to.

1487. You were saying that fair dealing would be secured if the Post Office took it up, and unless the Post Office got the benefit of the impartial interest of such associations as yours, it would be at more of a disadvantage than the insurance companies?—How would that be? Why should it be at more disadvantage? My feeling would be that I could absolutely trust the Post Office if I was dealing with it. I should have thought that one could have trusted a Government department and could act quite straightforwardly with it, without any fear of its negotiating behind my back or anything of the kind.

1488. I am not suggesting to you that the Post Office would wish to take advantage of the worker, but that the Post Office would need the help of some association in possession of all the facts to prevent it from being imposed upon by the worker?—I see what you mean. We should not take up a case if we had really any strong evidence that the worker was not injured at her work, or something of the kind. I had a case the other day which I had to drop, because we had evidence that she was not injured as she had said, and I did not take it up because I could not find any strong evidence except her own word on her own side, and there was certainly a good deal of impartial evidence against.

1489. Your assistance, I suppose, is only invoked when the claim, whether well founded or not, fails. You do not hear of accidents merely as accidents?—We frequently hear of cases after compensation has been claimed. But they often come to us directly there is an accident. They are sent down by their friends and other people, who know of us, and we very often deal with the cases from the beginning. Sometimes they come to us after they have been receiving weekly payments and want to see if that is all they can get, and we advise them. I often have girls coming round like that to ask us about cases. Often I have merely to send in the formal notice which is required to be sent in, so as to make things quite safe.

1490. (*Mr. Kirkwood.*) Suppose a case arises in which you are not satisfied that the worker has received fair treatment from an insurance company, then you take it up and try to make better terms with the insurance company?—We cannot generally make better terms.

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1491. But where no agreement has been come to?—But where no agreement has been come to we should take it up.

1492. You try to get better terms from insurance companies?—Yes.

1493. If the Post Office undertook this insurance, and a similar case occurred, do you think you would be likely to obtain better terms with the Post Office than with the insurance company?—I imagine that I should certainly get the full amount allowed by the law. I admit that there would be difficulty in the employers' liability and common law cases. In such cases it might be very much the same with the insurance companies or the Post Office. The amount that the worker was really entitled to would be indefinite in that case.

1494. Would you hope to get better terms from the Post Office than you would from insurance companies, if you brought pressure to bear on the Post Office?—I should certainly hope to get better terms than I should from some insurance companies, without taking proceedings. It is really a question of at what point to take proceedings, and it is always in our interest, and everybody's interest, to avoid proceedings if possible. I should hope that the Post Office would be more ready to negotiate and settle for what would probably be awarded. I should hope that on the whole it would be easier to deal with the Post Office, and that they would be more ready to consider all sides of the question.

1495. Suppose you had any difficulty in getting the terms you expected from the Post Office, would you seek the assistance of any other trade union to help you?—How do you mean?

1496. Would you depend entirely on your own Trade Union League, or would there be any other combination of workers whose assistance you might seek?—Do you mean should we work through trade union agitation and that kind of thing?

1497. Yes?—No; we have never done that. The legal advice department has in a sense been quite separate from our ordinary trade union work. A great many workers are in strong trade unions already. They have the legal advice of their own unions, and we do not deal with those. We frequently deal with women who are not organised, because they are the class who are in need. If they want our advice we do not refuse because they are members of no union, if there is no union for them.

1498. Would you seek the assistance of other trade unions to help you if the terms offered to you were not considered favourable?—No. I do not see how we could get the assistance of any other trade unions. It would be a question of going to law about it.

1499. On the whole you think you would probably be able to get better terms from the Post Office than from insurance companies?—We should get, I think, the best terms possible, and from some insurance companies we would get quite the best terms.

1500. (*Mr. Cochrane.*) What is the Trade Union League that you represent?—It is really a federation of trades unions containing women members. Any trades union which has women members can become affiliated to us. It is really a federation, and we have a great many unions affiliated to us now. Our women membership is somewhat over 100,000.

1501. A list of affiliated societies, and the number of members which you represent, would be interesting?—I will send you a list.

1502. What are your duties in connection with that?—My duties are simply to give advice to any girls who come up to the office and ask or write, not only on questions of compensation, but also on any other questions of legal difficulty that arise in connection with the payment of their wages or any other such thing.

1503. Where is your head office?—In the Club Union Buildings, Clerkenwell Road.

1504. Is it a London organisation?—No. It is all over the country. We have affiliated unions in Scotland and Ireland, and all over the country; and our secretary and our organisers go round all parts of the country helping to organise the women.

1505. You are largely interested in employers' liability and workmen's compensation cases?—We have many cases such as that, but I have also a number of cases where there is difficulty about payment of wages, and not being given notice, and cases of that kind.

1506. You advise the members?—Yes. Sometimes I write and advise the smaller unions which have not lawyers to advise them. I write all over the country. We cannot take up cases where legal proceedings are necessary except in London.

1507. Do you conduct cases in court as well?—I cannot conduct cases in court. I only act really as a trade union secretary does. I simply send in the formal notice required at the beginning and try to settle by negotiation. If that fails I send the worker to see our solicitor, and it is taken up.

1508. You give general advice?—I give general advice. If there is no ground for a claim, or the case has nothing in it, I just send them away and do not send them to the solicitor.

1509. Do you sift the cases?—Yes. I investigate the case as best I can. I see what evidence there is and so on, and if I cannot settle it I send it on to the solicitor.

1510. Have there been many cases of hardship and difficulty in obtaining compensation?—There has been no difficulty in obtaining compensation in a sense with us because we always take proceedings if necessary, but in cases which have been settled sometimes behind my back, where the worker has settled without coming to consult me, there have been difficulties.

1511. You have not had any particular evidence on investigation as to whether the settlement was fair or not. You have formed a general conclusion?—Sometimes I am quite sure that we could have got them a good deal more, and that they would have been awarded a good deal more if it had been taken into court.

1512. You told us, I think, that occasionally you found that attempts were made to take advantage of insurance companies?—I do not know that I have ever really found that. Do you mean have I found the workers not speaking truthfully about their injuries, and so on?

1513. Yes. You gave one instance?—One instance where there was no evidence; I could not take proceedings. There was no evidence on the worker's side, and it was not worth while doing anything further.

1514. If it had not been for your beneficent influence in restraining the parties from taking action, in your opinion, would a case have been brought forward which was not justified?—I do not know, because the woman was very poor, and I greatly doubt if any solicitor would have taken it up, because they would not have got any costs.

1515. The will was there to get compensation, if she could?—Of course, if she could.

1516. You think she would not have been entitled?—I do not think she would have got it. She would not have had a chance of being awarded anything in court, because she had no evidence to call on her side.

1517. We agree, I think, that there are cases in which people bring forward fraudulent claims. That is what I want to get out?—There may be cases, but our view is that such cases cannot hurt the insurance company so much as the worker can be hurt by the company. There is no such serious hardship as in the other cases.

1518. If fraudulent cases are brought against the Post Office, what means would they have of resisting them?—I suppose they would have the same means as the ordinary insurance companies have. I do not understand that the Post Office would think of taking over the employers' liability. There is no suggestion of that, I suppose. The employer would be the person liable, would he not?

1519. Yes. The employer would be liable, and the Post Office would presumably take the same position as is now occupied by the insurance company?—The Post Office would be in exactly the same position as the insurance company.

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1520. (*Chairman.*) You think that societies such as the Women's Trade Union League have difficulty in dealing with cases where the insurance companies will not communicate with them, but persist in trying to negotiate with the workers direct?—Yes.

1521. I want to ask you a question upon that. When you say, "persist in trying to negotiate," I presume they have a right to negotiate with whom they like?—Yes. Perhaps that is not very skilfully worded, but what I mean is that several times the worker will say, "You must write direct to the Women's "Trade Union League. They have the case in hand." I tell them to say that. If the agent comes round with 10*l.* in his pocket to settle, they cannot resist any longer. I am talking of even after the worker has asked them to negotiate with us, and they still come round to settle.

1522. You are a voluntary union?—We are.

1523. I do not profess to understand whether legally they may not do as they like. I should have thought that legally they had to deal with the person direct?—Of course they have a perfect right to deal with the person direct.

1524. When you say, "Persist in trying to negotiate with the workers direct," you are only alluding to those cases in which a settlement is attempted to be made outside the ordinary run. Is that so?—I do not quite see what you mean.

1525. What cases are you alluding to when you say, "The companies will not communicate with them, "but persist in trying to negotiate with the workers "direct"?—Those are mostly cases, I think, where there has been negligence on the part of the employers, and I have been thinking of investigating them to see if there is a case at common law or under the Employers' Liability Acts. They are mostly those cases. Then the workers come to me and say, "Will you take up the case for us?" I agree. They go home, and the insurance agent comes to see them, and they say, "Go to Miss "Sanger; I have asked her to take up the case and "negotiate for me." Then it sometimes happens that they are not willing to act on those instructions.

1526. That is to say, that the insurance company prefers dealing with the worker to dealing with you. That is what it really comes to?—Yes. Of course they do.

1527. Have you ever considered the difficulty in the case, say, of an accident from what you think is neglect of Home Office duty of the Post Office paying the insurance, when another department has neglected its duty?—It is not the Home Office that has neglected its duties, but the employer who has neglected his duties.

1528. Possibly the inspector has passed the factory?—I should not take up a case if I thought that the inspector had passed it. We should have a very poor case, and the Post Office would be in a very favourable position in that respect. They would presumably be able to get information from the Home Office without any trouble, whereas it may be very difficult for the insurance companies. I do not know whether it is.

1529. That is a side issue that I will not press you upon, because it is more a question for the Government departments among themselves?—Yes.

1530. (*Mr. Kirkwood.*) I suppose you prefer that instead of negotiating with the workers direct, the insurance company should negotiate with the trade union?—Yes.

1531. And if the Post Office undertook this insurance, would you endeavour to bring pressure to bear on the Post Office to take up the position that they should deal direct with you rather than with the worker?—I think that they would. I imagine that they would rather welcome societies of our kind.

1532. That would be a new departure, would it not? Would not the Post Office, if it did that, place itself in a totally different position from the insurance companies?—Some of the largest insurance companies negotiate with me.

1533. Direct with you?—Yes.

1534. Instead of direct with the workers?—Yes. Directly I write to them and say I have the case in hand, they negotiate with me direct.

1535. If the Post Office undertook the insurance you would wish the Post Office to follow the same course?—Yes. I thought that they probably would do so.

1536. (*Mr. Denman.*) You will practically be able to interfere now in every case, I suppose, seeing that an agreement may be reviewed, even after registration?—In any case, if we thought it was unfair, we should be able to—yes.

1537. So it really does not matter whether a company does or does not negotiate with you?—I think it will be very unsatisfactory probably to have to go through the process of reviewing. It will probably mean legal expenses and so on.

1538. Yes, but at the same time, if the companies knew you were there, and were in a position to review anything that they had done, it would make them more willing to negotiate with you in the first instance?—Yes, exactly.

1539. And more careful not to make any agreements that you would raise objection to?—Yes, but again, I would like to say that I do not know whether the question of reviewing will come up on the Employers' Liability Act and common law cases. They might make a worker sign an agreement to say that he has settled under the Employers' Liability Act. I should not be surprised if they could get out of it in that way.

1540. Such agreements would not be registered, would they?—No, I imagine not, so that I think there is that loop hole.

1541. (*Chairman.*) You think that employers would not have the tendency if insured in the Post Office to put obstacles in the workers' way, as no pressure would be put upon them to do so. Would you tell the Committee what the obstacles are in your experience that are put in the way?—What I rather meant there was, that it is very difficult for voluntary associations like ours to find out what the state of affairs is. We sometimes might be led into proceedings in a case where we have not really full evidence, because we are not able to go round and see the machines, and talk it over with the employer, which is the important thing. The worker gives you an account of the machine which is very vague, and it is very difficult to understand exactly how the accident occurred. It would be of very great assistance if we could go round and see the machine and really understand it. One hears that when employers are insured, they do not much mind whether a claim is made or not; but as a matter of fact (and I have been at the Women's Trade Union League for more than three years now) I have only once come across a case where the employer did not show just as much, I will not say ill-feeling, but anyhow, annoyance, at the claim being made, although he was insured, as if he had not been insured. Only in one case did I find an employer who said "Get as much "out of the insurance company as you can; negotiate "with them." He was quite friendly, and did not mind what we did.

1542. I do not follow what that has to do with it. If the Post Office simply stands in place of the insurance company, what difference will there be?—My feeling is, but it is difficult to state it accurately, that employers would not have that same feeling in dealing with the Post Office as with the insurance company. They regard the insurance company more as part of themselves. My idea is, that if it is a question of a State Department they will be much more impartial. I may be mistaken, but I have that feeling.

1543. That is simply an expression of your view?—Yes, that is my view.

1544. (*Mr. Cochrane.*) I did not quite catch what the obstacles in the worker's way were?—I ought to have said obstacles in the way of societies such as ours. I have worded it wrongly perhaps. A worker goes to a society like ours for advice, or to a solicitor, and it is difficult for her advisers to find out how the accident occurred.

1545. That is with regard to the employers' liability?—It would arise in all cases.

1546. If an accident has happened, that is quite sufficient?—I think, on the point whether it arose out of the employment or not, it might be a great advantage to see the machinery.

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Miss S. Sanger.
11 April 1907.

1547. The condition of the machinery has nothing to do with it, if there is an accident?—But other points might be raised, and going round to talk it over with the employer might be an advantage.

1548. Who should go round?—Some mediator, an official of a society like ours, or the worker's solicitor. Cases might arise where it would be an advantage. I have not any in my mind at present. They would chiefly be under the Employers' Liability Act and common law cases.

1549. I have not yet gathered what the obstacles are?—I ought not to have said obstacles in the way of the workers so much.

1550. Will you give me a specific case to make it quite clear?—As a matter of fact, this case has left me now, and some solicitors have it, but I can tell you the facts. It was a case of a box mangle.

1551. In a laundry?—In a laundry. It was very difficult for me to make out how the accident happened. The girl said the machine was out of order; the employers said it was not out of order. Then the question arose as to how it possibly could have occurred if it was not out of order. It was a question of the box falling on the girl's arm. For me it was very difficult to see how it could have been done if it was not out of order. I should have liked to have gone round and seen the machine, and seen how all the levers worked, and whether there could have been any negligence on the girl's part in not working a lever right, for instance.

1552. Did you ask the employer if you could see the machine?—As a matter of fact I did not in that case, because the girl's father took it away from me to a solicitor. I do not know whether the solicitor saw it. I had not got very far, but that was a case in point.

1553. As far as I see, no application was made to the employer?—Not in that case.

1554. So that no obstacle was placed in the way?—No. I gave that case as an instance of where it would have been of especial importance to be able to see the machine. I have sometimes applied in cases of particular kinds of guards. I have sometimes been to see the machines.

1555. I will not press you any further. I do not quite see where any difference would arise if the Post Office were to do the insurance instead of the existing insurance companies?—My feeling simply was that the employer would not have the same feeling of annoyance at the claim being made. I think you might find that he would feel that if the Post Office had got it it was all right. I do not know, but I believe that he would not, in a sense, side with the Government department.

1556. I heard you say that. It is not an obstacle put in the way by the insurance company that you refer to?—No, not as a rule. It is generally the employer.

1557. And in some way you think that the difficulties put in the way by the employer might be removed if the insurance were effected through the Post Office instead of through the insurance company?—Yes.

1558. I understand the point, but it is not quite clear?—Well, naturally it is difficult to put it very definitely.

1559. (*Mr. Kirkwood.*) I suppose you think then that the employer is ready to associate himself more closely with an insurance company, and that he is ready to take the part of the insurance company?—That is my view.

1560. Much more than he would take the part of the Government?—Yes.

1561. And therefore in any case that might occur he would be quite willing to say, "I am insured with "the Government, and you can take up the case and "get what you can out of the Government"?—Yes.

1562. That is the position that the employer would take, you think?—Yes, as he does in some cases now with the insurance companies. In this connection I might say with regard to the ill-feeling on the part of the employer who objects to the claim being made—if my view is correct that this feeling would not arise so much with regard to Post Office insurance, I think it would be a great advantage.

1563. (*Mr. Denman.*) Do you think that insurance companies actually put pressure on employers to frustrate claims?—I have no evidence of that, but I imagine that they rather urged them.

1564. (*Chairman.*) You think that Post Office insurance would afford an absolute guarantee that the compensation would be forthcoming?—Yes.

1565. Have you had any cases of the compensation not being paid?—No; I personally have not had any cases where the insurance companies have failed. I have had cases where the employers have failed, but that is a different point. They were not insured.

1566. You have had no cases of insurance companies having actually failed?—No, I have had no cases, but I think it is a very important point, both from the point of view of the workers, and also of the small employers. Insurance societies are likely to spring up, even if deposits are required by law. Deposits would have to be very high in order to be a guarantee in cases of this kind, where the claims increase very rapidly during the first years, until the maximum has been reached (*see* evidence before the Departmental Committee of the Home Office, where this point is dealt with by Mr. Binns, p. 172). There seem to be two points in connection with this. The first is the difficulty of calculating the cost of insurance, and the second one is (and I have heard the opinion expressed by persons well versed in the question) that it is extremely difficult to really get a sufficient test of the stability of a company. I was very much impressed some weeks ago on hearing a gentleman read a paper on life insurance. He thought that the system of deposits was not any real guarantee, and in insurance of this kind it is even more serious, because permanent claims increase so rapidly in the first years, as I have said in my notes and as doubtless has been pointed out to you, and the same difficulty of the claims increasing will arise with regard to the new classes of workers who will be introduced under the Workmen's Compensation Act of 1906; and the difficulty of calculating the cost will be even greater. Therefore it seems to me it is quite possible that new insurance companies may arise which will not be quite stable, and failure might occur, which of course would be a very serious thing.

1567. I will leave that to some of my colleagues who understand the details better than myself. Putting it in a general way, you are afraid of insecure societies arising?—Yes.

1568. You think that technical difficulties will not be raised by the Post Office in settling claims?—I think that the Government would take a more liberal view in settling the claims of small employers. I have heard of cases of fire insurance where the insurance companies have rather cut down the amount, and so on, if for technical reasons the notice was not given within so many hours. I think it quite possible that some employers may find themselves in difficulties of that kind. I think the Post Office would take a broader view. The small employer, especially the very small employer, who is hardly removed from a workman, may sometimes find himself in technical difficulties, because he has not sent in a notice to the insurance company within the right number of hours or something of that kind. Various things have been pointed out in correspondence in the newspapers lately with regard to difficulties which might arise, and I imagine that the Government might take a more liberal view of such points, and would not have the same tendency to raise technical difficulties.

1569. Then I suppose that you mean claims would be laid with more freedom?—That is what I imagine.

1570. You equally imagine that the premiums must be higher, I presume, if it is to be a solvent scheme?—I was coming on later to say that the Post Office could do it cheaper.

1571. Perhaps you will give us your reasons later?—Yes. Taking into consideration this point, perhaps the cost of Post Office insurance would work out just about the same as in the case of the companies.

1572. You think also that Post Office insurance could be worked more conveniently?—Yes. Premiums

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could be made payable at the post offices at small intervals and books kept on the analogy of Savings Bank books. This would be a great advantage to working-class householders who have a girl in to help. To pay 1*d.* or ½*d.* a week would be much less burden than a few shillings in a lump. Or a system of stamp forms might be arranged as at present obtains for Savings Bank accounts. Some such system would be invaluable for casual labour.

1573. Have any applications been made to any insurance companies for such a system?—I do not know, but my impression is that most insurance companies (I do not know whether I am right in saying that this is general) work through people who are appointed as agents and who very often have other employments at the same time. In that case it might not be worth their while. I was going to raise this point later on, but if you like I will raise it now. It would not be worth the agent's while to go round to pick out the small employers, and collect premiums on which they would get only a small commission. It would be a different thing to go all down a street collecting life premiums, but in the case of small hand laundries where there is one woman employed (there would only be one or two in the street very likely) the agent would have to cover a good deal of ground to collect the premiums. Therefore it seems to me that these small people would get overlooked, and there would not be people calling to collect their premiums even if they did insure. They would have to send them by post or in some such way. It would probably be much more simple for them to pay it into the Post Office. Another point I want most especially to raise is that it would be convenient for casual workers—or rather people employed temporarily. For instance, when I am very busy I sometimes get someone to help me quite apart from my society, it is like having a private secretary to help. I employ no other people. It would be very inconvenient for me to write to an insurance company to take out a policy, but if I had only just to run round to the Post Office it would be no trouble at all. There might very well be other people in that position who might have a person occasionally in the year to help them. Then another point is that it might be very convenient to work it through the Post Office in regard to other kinds of casual labour. In the newspaper the other day some one raised the point of what a blind man would do who employed a boy to take him to his place in the street and what a burden it would be to him. He would not be very likely to insure with an ordinary company, but if he was an intelligent beggar he might quite conceivably insure the boy in the Post Office. If he only pays the boy 6*d.* a week, he only has to pay 3*d.* a week compensation, which is very little. But taking into consideration the other clause, which deals with employment under more than one employer, if the boy was employed on other work the beggar might have to pay as much as 2*s.* 6*d.* or more a week if the boy was injured. In cases of that kind, and less exaggerated cases of casual labour, I should think that it would be very convenient to do it through the Post Office.

1574. What it comes to is that the Post Office is a convenient place for the collection?—Yes.

1575. Is there any other advantage that would accrue to the small employer from Post Office insurance?—Yes. I think that the Post Office could probably offer lower terms than private companies. It is well organised in local offices, and much could be saved in the cost of collection, which usually forms a heavy item in small premiums. No profits need be required.

1576. That is a matter for actuaries?—Yes.

1577. Unless you have some definite knowledge as to the method it would be possible to work cheaper upon?—It is, as you say, a question for experienced insurance people, but my view is that the cost of collection is very high in collecting small premiums in proportion to the premiums, and I imagine this could be very much reduced if the Post Office collected them by stamp forms or some such system. An organisation distributed all over the country could work it very much more cheaply.

1578. By people bringing their own premiums?—Yes, or something of that kind. I do not know whether the Post Office would think of offering lower premiums in any case. They might fear too much of an outcry if they undercut the insurance companies, but it occurred to me that conceivably something might be arranged which would be cheaper.

1579. (*Mr. Denman.*) With regard to security, the evidence of Mr. Binns related rather to the increasing number of accident claims than to the increase of liability consequent upon an accumulation of claims for which premiums had been previously received?—Yes, I think that is the point—that until you come to a place where your permanent cases begin to die off, your claims increase very much more in proportion to your other expenses.

1580. That was his secondary point, I think. His chief point was that the number of actual claims in each year had been increasing under the Act. The other is no doubt true to some extent?—Yes.

1581. On the other hand, the continuance of liability under old policies against workmen's compensation must be very much less than under life insurance policies?—Yes. I imagine that Mr. Binns raised the point rather specially from the point of view of employer's liability insurance.

1582. But in the case of life companies the same deposit has as a fact prevented the growth of mushroom companies?—I suppose that it has in a sense, but I merely mentioned the opinions I had heard expressed by a competent person. He seemed to think that the secure position of the life insurance companies had merely been due to the honest way in which they were conducted, but that, as a matter of fact, it was quite possible for a company to arise, even under our present law, which was not really stable. That was his view, but this is, as you say, not really a point for me to discuss.

1583. In the report of last year's Committee on Life Insurance Companies, it is stated that the deposit of 20,000*l.* undoubtedly had the effect of preventing the formation of mushroom companies?—The 20,000*l.* would not anything like cover the claims if a company failed, I suppose, especially where it is a matter of paying out annuities, as it is under the Workmen's Compensation Act. So it is only a kind of test to prevent small companies arising. Whether you have a guarantee that a large company is really solvent is uncertain. I do not think you have any guarantee.

1584. Whatever effect it has in preventing mushroom companies in life assurance would be more marked in the case of workmen's compensation insurance, because the claims necessarily occur much more slowly?—Yes, possibly.

1585. With regard to your second point you think that the regulations of Government organisation can be more elastically worked than those of private companies?—Are you referring to the technical difficulties?

1586. Yes?—I imagine that it will be so. I admit that insurance companies cannot be too severe on the people insured with them, because they would lose custom; but I have heard complaints in other classes of insurance of technical objections being raised. I do not know how far it goes.

1587. With regard to convenience, do you think that as a fact the working class householder would come to a post office to take out a policy of insurance?—It is a very difficult thing to say. Quite a number might, I consider, but it is impossible to say how many would. My view was eventually to lead up to compulsory insurance, and then I think some way of this kind would probably be quite convenient.

1588. I take it that that class have a certain amount of property and furniture, and things of that kind. Do they commonly insure against fire in your experience?—I do not know. I think they insure very extensively with regard to burial. I think they are nearly all insured, or very many, in some of the life insurance companies against the expenses of burial. That is a point I was going to raise. It is possible that the ordinary burial and life insurance companies would offer premiums for workmen's compensation liability, and in that case they might find the working class employers, but my point is that in general the small working class employers would be just the people likely to be overlooked by the insurance companies.

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Miss S. Sanger.

11 April 1907.

1589. (*Mr. Davies.*) Do you think there really would be a demand to have these small premiums paid by instalments if the Post Office took it over?—I am at present making an investigation amongst hand and steam laundries to find out how far they are thinking of insuring. I shall have something to say on that point when I have got in all my returns. My impression from the returns which I have already is that quite a number might, but I will say definitely about that later on.

1590. All who insure have to find the year's premium at once now?—That is so.

1591. I think that companies insist on it?—There was a case raised the other day in the newspapers of a small employer, a working woman say, who had a girl to look after the children, or something of that kind. In such cases the small employer would be liable. I should imagine that you might very well come across such cases where half-a-crown, or whatever the premium was, would be quite a burden or quite inconvenient anyhow.

1592. You think that if the Post Office took up the insurance there would be a demand that they should take payment by easy instalments?—Yes, I think so if they did it.

1593. (*Chairman.*) Are there any other general advantages of a Post Office insurance system that occur to you?—Yes. Post Office insurance would be experience preparatory to compulsory State insurance. Again, arrangements might be made for the Post Office to secure the co-operation of the Factory Department with a view to obviating the difficulty that at present employers once insured lose their sense of responsibility and do not exert themselves to prevent accidents. The Post Office could raise premiums till the behests of the factory inspectors were carried out. Another point is that insurance of this kind is just one of the matters which ought without doubt to be undertaken by the State. It is in the advantage of all classes of the community. There should be considerable scope for action on the part of the Post Office. The cost of collection being high, the smallest employers and householders are just the classes likely to be overlooked by the insurance companies. Everybody goes to the Post Office, where notices could be displayed. Premiums too might be lower. Many people also have a rooted objection to dealing with insurance companies, which they say means litigation and worry.

1594. Have you found that the insurance of employers makes them lose their sense of responsibility?—I have not noticed it from personal experience, but I have very often read it as one of the objections to this system of insurance, and people have also pointed out that the German system is better where premiums can be varied in various ways. I should have thought that in this case it might have been possible for the Post Office not to raise premiums perhaps, but to offer lower premiums on condition that they got a favourable report from inspectors in dangerous industries. This would not apply to householders.

1595. (*Mr. Cochrane.*) It is mixing up two things. The factory inspectors have certain obligations imposed on them to see that certain regulations are carried out. For the Post Office to offer a bonus on the obligations of the employers being carried out would be confusing two things?—I do not know whether it would be possible, but I should think that something might be arranged, and it would be very valuable. I do not imagine that private insurance companies have any power whatever of judging between their clients.

1596. We have had evidence that there is already a rating up?—Is there?

1597. Yes. Ordinary insurance companies, from the evidence we have had, rate up any employer known to be careless?—If they do that, then that would have a tendency of course to prevent accidents.

1598. (*Chairman.*) In your opinion insurance of this kind is a matter which ought without doubt to be undertaken by the State?—That is in view of the point of the difficulty of making quite sure that companies and employers are solvent. That is really the point. I do not think there is any thing to add on that.

1599. You state that the smaller employers are the class likely to be overlooked by the insurance companies. Do you mean in canvassing for business?—Yes, in canvassing and circularising, and that kind of thing. That is my impression.

1600. I venture to say that I do not think there is any class of the community that has been overlooked by the circular, but with regard to personal canvassing it is different?—I think you might find that anyhow the working-class employer who has a servant might be overlooked. Insurance companies would not send their circulars for domestic servant insurance to all working-class families. It would be impossible to pick out which one had a girl in occasionally, and which one had not. I should think it would be almost impossible.

1601. That is your view?—That is my view.

1602. (*Mr. Denman.*) In your evidence in 1904 you stated that the laundries, as far as you had had experience, insured against this risk?—Yes.

1603. Even quite small ones?—Yes. I had not had any experience of those very very small steam laundries where they only employ two people with a shafting down the back yard. I have not had any experience of those even now. But I shall mention the point of this insurance in the inquiry I am undertaking. I will send in a little memorandum* about that. I think I can get some useful information. I am inquiring whether steam laundries are insured, and whether the small hand laundries know anything about the Act and are likely to insure.

1604. (*Chairman.*) I am sure we are very much obliged to you. If you will put in your memorandum about the laundries any other points that occur to you with regard to the small people who are not insured, the Committee will be most grateful.

(*Witness.*) Yes, I will remember to do so.

The witness withdrew.

Mr. H. Samuel, M.P.

Mr. Herbert Samuel, M.P., examined.

1604. (*Chairman.*) You are the Parliamentary Under Secretary at the Home Office?—Yes.

1605. Is this to be the official evidence of the Home Office or your own?—It is my own. The Home Office as an Office has no view on the question submitted to this Committee. It is rather a question of policy than of administration.

1606. Do you wish to say anything as to the limitations in the scope of the Workmen's Compensation Bill, 1906, as introduced?—As the Committee are probably aware, when we introduced the Bill last year, very large classes of workers who are now included were excluded—all the shop assistants, all the domestic servants, clerks, and all persons in the employment of employers who had less than five workpeople, with certain exceptions from that last head—roughly speaking, workpeople who were already included in the Act of 1897 or the Act of 1900. It is impossible to say how many would have been excluded under these headings, but the number would have been very large. Of domestic servants and shop assistants alone there are nearly three millions. The reason why the Government in introducing the Bill excluded these classes was, of course, because it was anticipated that if they were included a number of employers would not insure, and the result would be that many cases of considerable hardship would occur. However, the House of Commons took a strong view that the Act ought to be made as nearly universal as possible, and it passed through Parliament in the shape in which it now is.

1607. Do you think it probable that many small employers will not insure in companies?—On that, of course, the Committee will probably have a great deal of expert evidence. The natural view to take is that a considerable number, especially of small shopkeepers and employers of domestic servants, and

* For this memorandum, *see* Appendix XI.

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other people in out of the way districts, will probably not insure. The Committee, I think, is ascertaining from the Home Office the views of a number of factory inspectors* and some of our factory inspectors will give evidence, and their evidence will go to show that in a number of districts there is a minority of employers who do not insure. Some of them put it at 20 per cent., and some of them at other figures. I myself have lately been inquiring in my own constituency of Cleveland among the farmers, to ascertain whether as a matter of fact they now insure against their liabilities under the Act of 1900, and I have received a number of letters within the last few days. All my correspondents, who are either representative agriculturists, or themselves small farmers, say that in that district the great majority of farmers insure their men, even if they only employ one or two, but some of them say that there is a minority which do not insure. From inquiries I have been able to make in Buckinghamshire (less complete inquiries) I find that precisely the same story is told. There the majority insure, but there is a minority who do not. Almost all my correspondents say that it would be very welcome indeed to agriculturists, and especially to small agriculturists, if they could get their insurance by a simple process through the Post Office. The small employer has to pay a very excessive premium in proportion to the risk. It is the difference between wholesale and retail prices. The premium of 3*s.* for a domestic servant is, in proportion to the risk, grossly excessive.

1608. They have reduced it already to 2*s.* 6*d.*?—Some of them have already done so.

1609. The Association of Insurance Companies have fixed the rate at 2*s.* 6*d.*?—2*s.* 6*d.* per servant, if you take into account the ordinary wages of a servant and the cost of board and lodging, would perhaps be equivalent to about 4*s.* per 100*l.* of wages. In trades that involve small risks, as in the weaving sheds in the cotton trade, the insurance premium in the employers' association is 1*s.* 3*d.*, and it is difficult to believe that a cotton weaving factory is less dangerous than domestic employment. If 4*s.* per 100*l.* of wages is charged in the one case, and 1*s.* 3*d.* in the other, it is obvious that the 4*s.* per 100*l.* of wages is a very high premium.

1610. Do you wish to say anything as to the duty of the State to give the fullest facilities?—I should like to add a word on that. It is a point on which personally I feel very strongly. The State by this legislation is throwing an exceedingly heavy liability on individuals, which they may incur through absolutely no fault of their own. It may be quite unavoidable from the employer's point of view, and I think that if the State imposes that liability it ought to facilitate to the utmost of its power any means of escaping by the employer from the serious consequences which that liability might involve. And it is not only the employer who is in question. If in a given case a small employer is uninsured, and is unable to pay compensation, the workman suffers, and it is just as much a workman's question as it is an employer's question.

1611. Do you see any objection to the State acting as an agent for insurance companies?—That was a point that was discussed in the House of Commons on an amendment on the Report stage of the Bill that was moved by Mr. Cochrane. It seems to me that the Post Office, if its officials acted merely as agents for insurance companies, would be placed in many respects in a difficult position. Is the Post Office official to act as the agent of all the companies, or only of some? If he acts as agent for all the companies, there is the risk of the Post Office recommending and making itself the means of employing a company whose solvency may be doubtful, and may even prove to be absent. And not only that, but certain companies are considered to have rather harsh methods in dealing with claims; and if an insurance was effected through the Post Office with a particular company, and the workman was killed, and the widow claimed, and the company was able to ride off through a technicality, or was able to defeat the claim by methods which, if not technical, were certainly harsh, you would have the Post Office to some extent blamed for that, and they would be pressed in Parliament and elsewhere to take the company off the list of those for whom they acted as agents. On the other hand, if you are going to select among the companies, you have an exceedingly invidious task to perform. The pressure from a company that was not on the list to be put on the list would be very great and very difficult to resist, and indeed there would be practically no criterion to enable the officials of the Post Office to decide which should be on the list and which should not. Then, lastly on this point, I would suggest that there are many sub-postmasters who are shopkeepers with whom Post Office business is subordinate, and they would be under a very great temptation to recommend some company which perhaps gave them some commission or other consideration, in preference to others, and the Post Office would continually find itself in difficulty with certain of its agents on that account. I do not cast any reflection on the general body of postmasters, who are most honourable men, but the temptation that would be placed in the way of certain of them to recommend particular companies in preference to others would be almost overwhelming.

1612. Do you think there are objections to the State insuring against all risk under the Workmen's Compensation Act and the other Acts, such as the Employers' Liability Act?—I have not considered the question of insuring under the Employers' Liability Act, but what I would say would certainly apply to that *mutatis mutandis*. The objection to the State insuring against all risks is the vast number of small cases that it would have if its insurance were largely availed of, and the great difficulty of taking effective action to determine the moment when the workman should return to work—whether a given workman, John Brown, is able after he has been off work for 10 days, to return to work, or whether he ought to stay away for 12 days; there is difficulty and expense in checking malingering in these very small cases with a trifling amount of compensation payable. Life insurance is a very different thing. Some people think that because the Post Office offers freely to insure people's lives, therefore it ought to offer quite freely to insure in all cases of workmen's compensation. If a man is dead it is a clearly ascertainable fact, but whether a man is or is not fit to return to work at a particular moment is a matter often of considerable difficulty and dispute. At present the insurance companies and the employer more or less work together, and keep a watch on the workman. If the Post Office were to insure, it would be very probable that the workman and the employer, particularly the small employer, would more or less combine against the Post Office. Cases of malingering are, I believe, a small minority of the whole of the cases, but they do occur, and it would not do for the Post Office to insure, and to find that amongst the persons insured with it the ratio of incapacity from accident was 10 or 20 per cent. higher than amongst the persons who are insured with private companies. Again, I do not think that there is any need for the Post Office to undertake the duty generally for large employers, who are well able either to pay themselves the compensation that is necessary or effectively to insure with companies.

1613. What is your opinion as to an alternative scheme?—It has been proposed to limit the insurance to small employers as such; but the difficulty there is the impracticability of drawing a definite rigid line between a small employer and a large employer. If you fix a number, say, of five employees as a limit, a great many employers will be continually crossing that line and back again. Take, for instance, a farmer who may have one domestic servant and four labourers, or two domestic servants and three labourers. At harvest time he takes on an extra man. An accident occurs during the harvest to one of the original labourers, or to one of the domestic servants. The farmer finds that he is disqualified from making a claim, and that will be regarded as a very great hardship. Similarly with large numbers of other classes of employers. Say that a man has four domestic servants and a chaffeur. He insures in the Post Office scheme. His chaffeur is killed in a motor accident. When he puts in a claim for the money, he finds that he cannot claim because he happened to employ a temporary governess for his children during the summer, and that has taken him out of the category of small employers and brought him into the category of large employers. These difficulties in drawing a

* For summary of the reports obtained from Factory Inspectors, *see* Appendix VII.

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line were felt very strongly in the House of Commons and in the Committee of the House of Commons, and contributed very largely to the abandonment of the Government's original proposal to exclude persons employing the number of five or less.

1614. There was a statement in the "Times," I think, a few days ago that the Act applies to all employees who are British subjects—I am not sure about British subjects—to all who are employed by British companies in foreign countries?—There is no distinction in the Act between a British subject and a a non-British subject. It is a question of whether or not the contract was made in England or within the purview of British law. I will put it in this way. In a case such as this, where a contractor undertakes to make a railway, say in South America, and employs English engineers and foremen and workmen to go out there, the question whether he would be liable for an accident to them is one of some little difficulty under the wording of the Act. I took the opportunity a couple of days ago of consulting the Solicitor-General on the point. He told me his view, but he asked me not to state it officially to the Committee.

1615. Perhaps we had better not have it?—He said that he thought it was a matter for an opinion, if at all, of the Law Officers jointly. Perhaps the most convenient course would be if either the Postmaster-General or the Home Secretary were to submit a case to the Law Officers for their opinion on this point. It is an important point.

1616. It is. The reason why I raise it here is that if an accident occurred in a foreign country the Post Office would have to have some organisation, supposing that it were neccessary to deal with an accident claim? —The claim would have to be made in an English court.

1617. Yes, but in a case of accident I presume that the inquiry would have to be held on the spot?—Evidence would have to be brought or might have to be brought from abroad.

1618. When you stated that there is a probability that many small employers will not insure in companies, you went on to give evidence from your own constituency and from other inquiries. Of course we need hardly say that the insurance companies' evidence is very different from that?—Might I say that in my own constituency amongst agriculturists the evidence is clear that the vast majority do insure.

1619. Even under the old Act?—Yes, under the old Act. But then that is a particularly enlightened district.

1620. Can we say more than that it is not known whether they will or will not, do you think, from your own experience? You speak of probability. I can only quote what I have said to the Committee before. I have made inquiry in my own district and as far as I can make out every single person is going to insure in some form or other?—No. We do not know. It is impossible to say what proportion will insure and what proportion will not, but those that will not will mostly be the classes whom perhaps one would not ordinarily come across. All intelligent and careful people, of course, will insure.

1621. With regard to the question of the State acting as an agent for the insurance companies, I presume that there is an alternative to its acting as agent, namely, simply giving facilities for exhibiting a list of companies that people might insure in. Your point I quite admit, that they cannot help to some extent being looked upon as responsible for those companies?—The responsibility would be much less, of course, if its action were limited to exhibiting in the post offices a list of all the companies doing this kind of business with the names and addresses of the secretaries. It is less than if a man were able to go into a post office and fill up and sign a form asking to be insured in one or other of those companies.

1622. I do not know whether you are aware that we had four insurance managers here who represented the Accident Offices Association. We had evidence of strong competition between them as far as facilities go, and one of them offered against the wish of the three others to make the whole of the sub-postmasters agents for his company. I presume you would feel the same objection if the State was in a sense assuming a responsibility in that way towards the insurer, and its officer was the agent of the company?—Do you refer to a particular company or to all the companies?

1623. The offer was made by one, but it was quite obvious that they would all fall in?—Then you have the objections which I mention, first that you would be morally responsible for the solvency of a company in which you had insured an employer of labour, and secondly there would be very great danger of undue preference being given to some companies over others.

1624. When you make an objection to the State insuring against all risks, the question occurs whether there is a sufficiently large class left who would take State insurance on the limited grounds that you mention later on. Perhaps I had better wait until we come to the constructive part of your evidence?—That would be better, I think.

1625. (*Mr. Cochrane.*) I wish to ask you about your experience with regard to factory inspectors. Evidence has been taken with regard to the amount of insurance that at present takes place?—I have only read the reports which they have prepared and which have been sent to the Secretary of this Committee. The facts that I have are the same as those that the Committee will have.

1626. Have you had an opportunity of studying them?—I have been through them.

1627. Have you gathered that any number of small employers have not insured?—In certain districts some of the inspectors say that about 20 per cent. would not be insured, but it evidently varies very much from place to place. A very considerable number of the inspectors say that they have no special first-hand information, and others say that they believe that practically all are insured.

1628. Where there is no insurance, have they given any reason for non-insurance?—Yes. They were asked by the Chief Inspector of Factories to state the reason, and they say that, as a rule, it is either through carelessness or because the employer is convinced that no accident will happen in his trade, which is one of no danger, and that employers do not like to spend money and get no return.

1629. They take the risk?—Yes.

1630. Supposing the insurance were done through the Post Office, how would the Post Office be able to overcome this reluctance on the part of the small employer to insure?—You cannot absolutely overcome that unless you adopt some system of compulsion, which is exceedingly difficult. To devise any effective system of compulsion is very difficult, but the greater the facilities you give and the lower the premiums are, it is natural to suppose that the greater will be the readiness to insure.

1631. There are a number of people who do not now insure, as you point out, but you do not suggest that, if the Post Office entered the field, except in the matter of giving greater facilities, they would be able to bring any great pressure to bear on these small employers to insure?—No. I do not think it is possible to bring any form of what you might call pressure. The fact that a man knows that if he takes on a labourer for a week or two he can go to the post office in the next street and fill up a form for the labourer and pay sixpence for three months, or whatever it may be, and insure him, would probably lead to large numbers of such men being insured; while, if the man had to communicate with a company whose address he perhaps did not know and had to ascertain, and go through a number of forms and communicate with an agent and so forth, he would probably not insure. Similarly with large numbers of artisans who employ a general servant. If they were able to go into the Post Office and fill up a form like a telegraph form, perfectly simple and with no difficulty, they would insure. If they had great difficulty about it, the risk of accident being extremely small, they probably would not insure. If the girl got killed, her dependants would be unable to recover compensation.

1632. You have already said that you feel that some duty rests upon the State, the State having imposed the liability, to give all facilities in order that that liability may be discharged?—I think a very strong moral duty indeed.

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1633. With regard to the payment of premiums, I presume that there is great competition at present among insurance companies?—Yes; but if the scheme that I have in mind is adopted the premium would be exceedingly small. Perhaps I might come to that later on.

1634. Yes; I will not press that now—Then apart from that the Post Office would have no expense, or very small expense, with regard to agency and collection and advertisement, compared with the companies.

1635. There are post offices scattered throughout the country?—Yes.

1636. And the notices might be carried free by the postmen?—Yes.

1637. And possibly the medical officers attached to the post offices might be able to undertake some of the work for suitable remuneration?—That is a matter of Post Office administration; but I think it is very probable.

1638. You had all that in your mind in suggesting that the Post Office would be a convenient and suitable body to undertake certain classes of insurances?—Yes; I do not think, if I may say so here, it would be an interference with any vested interest of insurance companies. Parliament by this Act is putting millions of pounds into the pockets of insurance companies. If Parliament at the same time established a form of State insurance, which would limit by a small amount the gift that it is making, any objection of that kind could not fairly be made.

1639. With regard to the State acting as an agent for insurance companies, you said you thought it would be difficult for the State to make selections from among insurance companies?—Yes.

1640. But it would not be difficult for the State to compel certain regulations to be adopted by insurance companies?—No.

1641. That is to say, that the deposit of a certain sum of money should be made to guarantee more or less solvency?—That is proposed already before Parliament. There is a Bill now.

1642. Do you think that certain model policies should be imposed upon those companies for whom the Post Office act as agents?—I should not like to give an opinion as to whether there would be a balance of advantage or disadvantage in doing that.

1643. At any rate the Post Office could satisfy itself, and could lay down a certain standard up to which an insurance company should go if they decided that the Post Office should act as agent?—Yes; but then you would be in this difficulty: you would have to have a standard sufficiently high to guarantee absolute solvency in all cases.

1644. We will come to that presently. Short of solvency, what do you say?—The difficulty I had in my mind was that a new company starting would find it very difficult to fulfil any conditions that were at all stringent, and if it were not on the Post Office list it might as well not attempt to start business, because nobody would insure in any company except those that were more or less guaranteed by the Post Office, or conformed to the Post Office conditions.

1645. All the existing companies would be able to conform to Post Office regulations presumably without difficulty?—I do not know. In connection with the Bill imposing life insurance conditions on the employers' liability companies, we have had representations made to us that it is a very hard condition on a number of small companies which have been started within recent years, and which really are quite solvent in proportion to the business they are doing, and which may be crushed out of existence.

1646. You consider that it is desirable that the solvency of these companies doing this business should be reasonably safeguarded?—Yes, I do. I think that the 20,000*l.* limit is quite a fair one, and that small companies can combine together if each individual one cannot comply with the condition, but the further you go in that direction the more difficult it is with regard to new companies being formed, and the more difficult it is to prevent rings and combinations.

1647. I do not quite see the difficulty. If it is desirable that there should be a certain standard to be arrived at before the Post Office act as agent for the companies, it would be quite easy for a company to keep up to that standard?—It depends on what the standard is.

1648. Supposing it is a reasonable standard, would you consider it undesirable that any company should start and do workmen's compensation business that did not come up to that reasonable standard?—Yes.

1649. It would not encourage the formation of a number of small companies that did not come up to what might be considered a fair and reasonable standard?—I quite agree.

1650. I want your opinion upon this: would it not be possible for the Post Office to act as agents for those insurance companies that came up to a proper standard, leaving out for one minute the question of solvency?—But I do not think you can leave it out—even for one minute.

1651. Take the question of premiums and the conditions of policy?—It would be possible to say that no companies which did not conform to such and such conditions should be on the Post Office list.

1652. And there would be nothing unreasonable in that?—No, but that would be tantamount to saying to the general public: "These are the conditions which in "our opinion guarantee your security."

1653. "These are the minimum conditions"?—If by chance there should be, say, a great colliery disaster, and large numbers of men killed, and the proprietors had been insured in one of these companies through the Post Office, and the claims were exceedingly heavy, as in such a case they would be (300*l.* per man perhaps on death claims), the company might be brought to the verge of bankruptcy, and all the people receiving annuities from that company would be in a very parlous state even if the company was not actually bankrupt, as it might be.

1654. You are bringing in a fresh danger. You contemplate companies being permitted to do this business with the serious risk that they might become insolvent?—No, it is not a serious risk.

1655. (*Chairman.*) You said through the Post Office. That in itself is a little vague because it depends upon whether the Post Office is an agent or merely an advertising office?—That depends on the form of facility that is given and how far the facility constitutes it an agent.

1656. (*Mr. Cochrane.*) I do not want to press you on that. I merely ask whether you contemplate that it might be a reasonable duty to impose upon some Government department that they should guarantee the solvency of insurance companies taking up this work?—That they should prevent any company taking up this work unless they were themselves convinced of its solvency, you mean?

1657. Quite so. Already in France or Switzerland the insurance company takes out a policy with the Government guaranteeing its solvency?—That might be done. I think there is a great deal to be said for a scheme of that sort. But what I would venture to suggest to the Committee is that the Post Office ought not to act as agent of any company unless it is at the same time prepared to guarantee the solvency of the company.

1658. You see no difficulty in the State guaranteeing the solvency if it takes proper precautions?—I think that a scheme could probably be devised. I do not think that a 20,000*l.* deposit is in itself a guarantee of solvency.

1659. It is not a sufficient guarantee?—It is not a complete guarantee.

1660. You contemplate that it might be possible to give a more complete form of guarantee?—I have not considered what that form should be.

1661. But you see no objection to the principle?—I see no objection to the principle.

1662. I do not want to press you further than that in regard to it. Now as to your objections to the State acting as agent for insurance companies, one reason against that proposal is that you think that postmasters would be inclined to recommend one company as against another?—That might certainly occur. It

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depends on what you have in mind when you say "the State acting as agent." If you mean simply that in each post office there should be a long list of companies prepared to do insurance business, with their names in alphabetical order, that is one thing and a very small thing, and would go a very little way indeed towards meeting the demand for greater facilities for insurance. But if you mean that an employer of a workman is to be able to go into a post office and to say, "I want to insure my labourer; please give me a policy "in a company that will enable me to do that," then what is the position of the postmaster? He will say to him, "There is the list of companies on the opposite "wall; pick out your company." That is what he would be supposed to do. What he may do is to say, "Yes, have you any preference for any particular com- "pany?" The man would say "No." Then he would say "Such and such a company is a very good one." The man knows the village postmaster and he would answer, "If you recommend it, I will fill up the form of "that company." The temptation to companies to enlist the goodwill of postmasters and sub-postmasters throughout the country would be enormous.

1663. That arises with regard to every agency?—Each company has its own agents.

1664. Men are agents for competing companies sometimes?—Then there is probably an arrangement between the companies that they should pay the same agency commission.

1665. That is always the case, I take it, and any company that departed from that rule would render itself liable under the Act dealing with corrupt commissions. I say that with due respect?—But do you contemplate that all the postmasters in Government service should receive an agency commission from the companies for whom they act?

1666. I see no reason why they should not?—Even for whole-time officers in big towns?

1667. That is a question I should prefer to put to those representing the Post Office, but I believe they act as agents now. Country postmasters certainly do act as agents in various towns. I speak with all respect in front of those who represent the Post Office?—It is a matter for the Post Office to consider from the point of view of the discipline of its service.

1668. If you go to the post office and desire to send a cable the postmaster acts as agent for the cable companies, and he can recommend to you one cable or another?—Competing companies?

1669. Competing companies; and no difficulty arises in that respect?—Generally one has an advantage over another in speed or in some other way. That business is so small and so occasional that it would not be worth while for a particular company to go to post offices throughout the country and endeavour to prejudice the postmasters to give them greater facilities. It would be very different when you had the whole business of workmen's compensation.

1670. He might be particularly told not to recommend one company more than another?—But, still, I think the difficulty would be found to be a real one.

1671. That is the case with regard to cable companies. The postmaster is directed not to recommend one company more than another. Now, you thought that there might be a combination of employers and employed against the Post Office. Why should they combine against the Post Office more than against an ordinary insurance company?—I think that a Government department is usually regarded by a large section of the public as being fair game to be shot at.

1672. I will take it from you, but I cannot say that I agree?—I do not know that it is a very important factor. But I should not be surprised, if the Post Office took up this business in the ordinary way, to find that the duration of incapacity was rather longer in Post Office cases than in other cases.

1673. To what would you attribute that?—Perhaps it is an unjust thing to say, but it is a possibility that has to be considered, and which the Committee will no doubt take into consideration. One cannot speak with any certainty on the point.

1674. Do you think that the medical officers employed by the Post Office would be less stringent in their investigation?—I have specially in mind the question whether a given accident arose out of the employment or not, as well as the question of the duration of incapacity.

1675. The Post Office, if they went in for this class of business, I suppose, would be obliged to take the same means as an insurance company takes, and employ a similar staff?—Yes. I do not think there is much in that point. I do not attach much emphasis to it. I think that there may be something in it, but it is not an important consideration.

1676. I have no practical experience myself, and I wondered whether you had any to bring before us. I know what is commonly said. Beyond the fact that we bombard Government departments with questions in the House of Commons, I do not know that otherwise we treat them in a hostile manner?—I am not sure that the average man, when he is paying income tax, regards the Inland Revenue in exactly the same light as he would a private creditor.

1677. But he pays with more regularity than he does a private creditor?—Yes, but regularity is not the only question.

1678. I should like to ask you one or two more questions as to the difficulties of defining a small employer. In the first place, you find a difficulty in defining a small employer as one who only employs a limited number of men. I know that in raising the question in the House I was obliged to take advantage of limitations which occurred in the Bill itself originally, and I agree and admit that it has its difficulties, that is to say, at one time a man is employing five workmen, and if he employs six his policy may be rendered invalid?—Yes.

1679. Would it not be possible to make, instead of that, a limit of wages paid, that is to say, if a man's annual wages bill is below a certain amount?—Would not the same difficulties occur there? Do you say his annual wages bill?

1680. Yes, his annual wages bill?—Not his wages bill at the moment?

1681. Would it not be possible to devise a scheme that would be free from objections with regard to numbers, that is to say, the Post Office only undertaking to insure a man whose wages at that moment, and during the course of the year, do not exceed a fixed sum, and charging a considerably heavier premium when it exceeds a certain amount, so as to discourage the large employer from insuring, and at the same time relieve the man of the risk of invalidating his policy from the employment of an additional casual labourer? —I think you would still have the difficulty of the man crossing the line and back again temporarily. It is very much the same difficulty, if you say the limit is to be 200*l.* wages, as if you say the limit is to be five persons employed. At a given moment in the year he might be spending at the rate of 220*l.* in wages, just as at the time that the accident occurred he might be employing six persons.

1682. Some of the insurance companies have given evidence that they make classes according to the wages paid. One witness, who I think was a gentleman connected with the building trades, said that they divide up their policies into three or more classes— to employers who pay under 1,000*l.* per annum in wages they charge a lower premium, and between 1,000*l.* and 3,000*l.* a higher premium, and so on. Might it not be possible for the Post Office to undertake some of the smaller premiums on that basis, and not invalidate the policy, charging a man a higher premium if his total wages paid in the course of the year exceeded the minimum?—It might be possible. I do not think it would be a popular form of insurance; people would not like it for fear of crossing the line. 1,000*l.* is rather a high limit, and it would not be open to much objection if it was 1,000*l.*, because that means the employment of 15 or 20 men; but if you had it 200*l.* or 250*l.* you have an enormous number of people who are quite close to that limit. I would suggest that automatically you would be able to secure a certain distinction between large employers and small employers by insuring only against death and serious accidents. Large employers would not insure upon those terms, and small employers would be tempted by the low premium.

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1683. My own view, I must say, rather tends in that direction, but I want to see whether you have any substantial objections to offer with regard to the limit of wages?—I do not think it would be liked.

1684. It would be feasible?—Yes.

1685. But you do not think it would be popular?—You would have a very considerable number of hard cases in which the Post Office would have to choose between great unpopularity by repudiating a claim because a man had exceeded the limit and crossed the line, or abandoning its principle.

1686. If you had a limit of 250*l.*, you might impose on the man a higher premium if at the end of the year his wages bill was found to be over 200*l.*, and in that way you might get over the difficulty?—Without invalidating his policy if an accident had happened in the meantime?

1687. Yes, that is possible?—Yes.

1688. He would come on a higher scale, and in any case he would be rated according to the wages actually paid?—It would be rather difficult to enforce. It might necessitate the examination of the accounts and so forth. You could scarcely accept simply a man's own statement, for the risk that he would be under if he made a somewhat inaccurate statement would be very small. There would be a considerable temptation not to be careful if the man was close to the line, because the worst that would happen to him would be that he would have to pay a few shillings extra at the end of the year.

1689. (*Mr. Turpin.*) The general trend of your evidence would be that the Post Office should insure the small employers only if they can get over the difficulty of distinguishing them. You would not suggest that the Post Office should undertake any compensation insurance?—I do not think the Post Office is called upon to go out of its way to undertake the insurance of employers on a large scale, because they have full facilities, and many of them combine together and have employers' mutual insurance associations. Many of the great trades have those. The railway companies do not insure; they prefer to pay.

1690. They can, you think, provide for the insurance of those employers who could not fight for themselves against the insurance companies. I will put it in that way?—As a rule it is not the employer who fights; it is the workman who has to fight.

1691. I mean in regard to making good terms with an insurance office. A large employer can make special terms with an insurance office and a small employer cannot?—Yes.

1692. If they got into a ring the small employer would have to pay whatever premium they liked?—Yes. The large employer looks upon it as part of his business. The little shopkeeper or employer of a domestic servant or of a clerk ought to have greater facilities, if facilities can be given. He ought to have special facilities, if possible.

1693. (*Mr. Kirkwood.*) Do you contemplate that the Post Office should actively canvass for this business or not?—No.

1694. They should simply issue notices that the business could be transacted at the various post offices in the same way as life insurance and annuity business is transacted now?—It would very soon become universally known that the Post Office was doing this work.

1695. The experience with regard to life insurance is that we get very little business indeed, whereas the Prudential Insurance Company, for instance, gets a very large amount of life insurance business from the working classes. Does it not seem to follow that if we did not canvass for the insurance business under the Workmen's Compensation Act we should get very little indeed?—No; because I think you would be able to charge very low premiums.

1696-7. In order to secure it we should have to charge lower premiums, you think, than the insurance offices?—I think, as a matter of fact, you would not desire to do more than make your accounts balance with a small margin, and your expenditure being less than that of the insurance companies, you would probably be able to charge a considerably lower premium. If your insurance were of a special kind, limited as I was suggesting, then of course the premium would be still further lowered.

1698. I think I am right in saying as regards life insurance business that our premiums for the very small weekly payments compare very favourably with those of the Prudential Insurance Company, and notwithstanding that, the Prudential Insurance Company gets nearly all the business, and we get hardly any at all?—A man wants a great deal of persuading before he will insure his life; but if he is going to be made bankrupt should his workman have a serious accident, he has a very strong incentive to look about him and see in what way he can insure. I think the Post Office would of course get more business if it canvassed, but it would add to the expense. That is for the Committee and the Post Office department, if one were formed, to consider.

1699. Your opinion is that the Post Office should provide the means of insuring at a low rate?—Yes.

1700. And not necessarily canvass for business?—Yes.

1701. (*Mr. Davies.*) With regard to the State giving the fullest facilities practicable, do you consider that any scheme of Post Office insurance should be financially self-supporting?—Certainly.

1702. (*Mr. Denman.*) Have you much evidence of the need of further facilities for insurance?—No; you see it is impossible to have evidence before the Act comes into operation; one can only anticipate what may occur, and it seems to me very possible that there may be a fair number of cases of serious accidents here and there throughout the country in which either the employer will be nearly ruined, or else the workman will have to forego the compensation to which he is legally entitled. It is merely a speculation as to what will occur.

1703. In the case of those classes who have hitherto come under the Workmen's Compensation Acts, you have not found that the facilities offered by companies are inadequate?—I am not sure. In out-of-the-way districts I think you will find, from evidence of the factory inspectors and others, that the facilities are not very great. In the great towns and thickly populated districts there are ample facilities.

1704. But you yourself have no evidence of that?—No, I cannot state anything definite from my own experience.

1705. Do you think that there are classes who will be more in need of insurance facilities than the small farmer?—Yes. I should say the working man employing a domestic servant, and also the small lower middle-class householder employing one or two domestic servants, especially in the more thinly populated districts.

1706. Why should you think that he is more in need than the small farmer?—It is merely a personal opinion. One cannot state statistically the strength of the motive that actuates him, and the degree of carelessness that is probably present in that class. But remember that this Act does not merely apply to the great centres, but every small village shopkeeper in the wilds of the west of Ireland has his liabilities under this Act.

1707. You think that he is less subject to the wiles of the insurance agent than the farmer who lives some miles out of the village who is equally small and less accessible?—I should be very much surprised to learn that the small farmer in Connemara or Galway does insure his labourer, if he has one; he may do so.

1708. The evidence which we have had from Scotland goes to show that the small farmer on the whole does insure?—Is that from the insurance companies?

1709. From the agricultural associations, with the reservation that you have made that there is always a percentage that does not insure?—Yes.

1710. And that percentage at the present moment cannot be touched by any voluntary scheme of insurance?—I am not sure about that. If you had the Post Office offering facilities at the door, and the scheme was

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very simple, almost as simple as getting a money order, I think you would find a very large number insuring.

1711. On another point that you have mentioned; you say the companies' premiums are very high?—Yes, in proportion to the risk.

1712–3. They maintain that there is an economic necessity for the minimum premium, and that their establishment charges are to some extent the same on a policy for 50*l.* of wages as on a policy for 10,000*l.* of wages; and that you must have very much higher premiums if you are dealing with very small cases?—Yes, if you have to collect the amounts and you have to have agents about the country receiving large commissions, and if you have to advertise, and so on. All those charges consume a very large percentage of the premium, and they are fixed charges whether the individual policy is for a large sum or for a small sum—or almost fixed charges. The Post Office will escape a very great deal of that.

1714. The actual expense of the Post Office scheme is a matter upon which we shall hear evidence later. Would you be prepared to say that it is essential for the success of the Post Office scheme that it should offer lower premiums than those of companies?—No, I should not say that it was an essential. I think the fact that the facility was offered in an institution so well known as the Post Office, and was very easily accessible to everybody, would be an inducement, and a great inducement, to insure there, apart from any question of the amount of the premium. If the premium charged by the Post Office was higher than that charged by the companies it would not get the business at all, except in exceptional cases. If it were the same it would get, I think, a good deal of business; if it were less, as it ought to be, it would get very considerable business.

(Adjourned for a short time.)

1715. (*Chairman.*) I think that we have now come to the constructive part of your suggestions. You think that a scheme covering liability in cases of death and of incapacity after a fixed number of weeks would be more feasible than any complete scheme of insurance?—That I suggest, with very great diffidence, merely for the consideration of the Committee. I have not any strong view upon it, and, of course, the Committee will be able to judge infinitely better than I could, from the evidence that it has received or will receive, whether or not there is any demand for Post Office insurance, and, if so, whether a scheme of this kind is the best scheme that can be adopted. I would repeat again that this is a personal opinion of my own, and that I am not speaking as representing the Home Office. The reasons why it would appear to me that such a scheme as this has advantages are two: in the first place, the Post Office would have a very much smaller number of cases to cope with. It would not be overwhelmed by a flood of claims, and in connection with that I would draw the attention of the Committee to the statistics* which I would put in, which I have based upon the Appendix to the Report for 1905 of the Chief Registrar of Friendly Societies. As the Committee is aware, the Workmen's Compensation Act of 1897 allowed contracting out under fixed conditions. An employer and his workmen could agree together to substitute a scheme of compensation for the scheme in the Act, if such scheme received the approval of the Registrar of Friendly Societies as being on the whole not less favourable to the workmen than the provisions of the Act. Under that clause, schemes including about 100,000 workmen have been sanctioned by the Registrar, and these statistics relate to the experience of those schemes. I would point out that almost all of them provide for paying compensation from the day of accident, instead of after the first 14 days as the Act provides, and, to counterbalance that, as a rule the workpeople have to contribute so many pence per week to the fund. These statistics show that if you limited your insurance scheme to cases of death, and of incapacity for over four weeks, you would, among the cases dealt with by these contracting out schemes, have had to deal with only 23 per cent. of the number of cases that you would have had to deal with if you covered all the cases, but you would have had to pay 72 per cent. of the whole cost; and, of course, you would have covered all the cases of really serious burden on the employer. You cannot quite draw a conclusion from these figures that will apply to a Post Office scheme under the new Act, because the first seven days are excluded from compensation under the Act, unless the accident has incapacitated for more than 14 days. The Committee is aware of that. With that exception, the statistics may be of use as roughly showing that a scheme of that kind would enable you to escape investigation of a great majority of cases of accident throughout the country, while it would enable you to cover the employer against the chief burden of expense falling on him, and against all cases of really serious burden. If the scheme were limited to cases of death and incapacity of over eight weeks, then only 8 per cent. of the cases would be dealt with, but 55 per cent. of the whole expenditure on compensation would be covered. That is the first point. I hope that these statistics will be of some use to the Committee. The second point is that with a scheme of this character, whether the period is four or eight weeks, or anything that may be thought convenient, you have the employer as a buffer, so to speak, between the Post Office and the claimant. The employer would have in all cases to bear the cost of compensation for the first four weeks, or whatever the period may be. I do not suggest that the Post Office should pay back compensation from the day of accident in serious cases. I suggest that the payment should only begin from the moment when the period of four or eight weeks has elapsed. That being so, the employer has a strong personal interest to object to and defeat claims for compensation where the accident really has not arisen out of the employment, and he also has a strong reason to prevent any kind of malingering until that period has elapsed. Then the third point that I would wish to deal with is that I think there would be no real difficulty in the Post Office officials investigating the circumstances of the accident, even after a period of one or two months had elapsed. They would have to collect evidence in a disputed claim, but I do not see any insuperable objection on that ground.

1716. Do you think there is a probability that small employers would avail themselves of such a scheme and that large ones would not?—Yes. A further advantage of the scheme is that it seems likely to work out roughly as a means of differentiating between the small and the large employer. It will not give you any clear-cut definite line, but on the whole it may seem probable that a large employer of labour who looks upon these things from a business point of view, and does not want to be troubled with small claims continually, would not insure himself in a scheme of this character. He would want a scheme that would cover all his liability under the Workmen's Compensation Act. He would pay down so much in premiums, and he would have no further liability and no further trouble in the matter. On the other hand, the small employer of labour, especially in non-dangerous trades, like shopkeeping and the employment of domestic servants, if that can be called a trade, wants cheapness. That class of employers recognise that the risk of accident is extremely small, but they desire to be secured against the risk of having to pay from 150*l.* to 300*l.* in the case of a death, or a life annuity in the case of permanent disablement, or compensation in the case of prolonged illness. If a domestic servant is incapacitated by an accident for a month, an ordinary employer naturally continues to pay the whole of the wages during that month, and probably few employers of domestic servants, if the servants were ill through an accident due to their work, would discharge the servants and throw them idle before they had recovered. It is the cases of death and permanent incapacity that really impose a fresh obligation on the employer of a domestic servant. It appears to me that it is quite probable that large numbers of small employers, if they could gain the advantage of a very low premium, would be willing to pay the cost in the unlikely event of an accident happening incapacitating for less than a month, and would insure in this scheme. If a period of two months were taken I point out that the premium would, if these calculations furnished

* *See* Appendix, No. V.

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a comparable basis, probably be little more than half the premium that would be charged if you insured for the whole period for all liabilities under the Act. If the period of one month were taken it would be about three-fourths, but, as I say, the question of the first week introduces an element into these calculations that prevent their being applied straightway to any scheme of this character. It would need separate actuarial calculation. But it is quite obvious, considering the great number of small accidents that incapacitate for a period of one, two, or three weeks, that the premium would be very much lower if the compensation began only after the fourth week, and considerably lower still if it began only after the eighth.

1717–8. Do you think it necessary to secure that any scheme of Post Office insurance should be financially self-supporting?—I think that it would be unsound economically if the State were indirectly to subsidise employers by charging unremunerative premiums. That is what it would amount to. If the Post Office made a loss on this scheme which was to be paid for out of the Exchequer, the circumstance would be impossible to justify on any sound principle of public finance. There is no reason whatever why the general taxpayer should pay in order that employers of labour should have the advantage of insuring their men at unduly low rates. That principle, of course, would not prevent the Treasury from lending money for preliminary expenses and the launching of the scheme provided that those expenses were repaid out of subsequent profits. There is one other point that I should like to add for the information of the Committee, and that is that, as they are probably aware, a Committee is now sitting, of which I have the honour to be Chairman, to advise the Home Secretary what diseases should be added to the third schedule of the Workmen's Compensation Act as subjects for compensation under that Act. Section 8 of the Act gives power to the Home Secretary by executive order to add further diseases to that Schedule. The Committee ought to know that the Industrial Diseases Committee will probably recommend the addition of a considerable number of diseases. Our Report, I hope, will be out in the course of a few weeks. It is well that the Committee should know that, because the liabilities to be insured under the Act as they now stand are not the whole of the liabilities which will exist after the 1st July. However, the additional diseases will not introduce any serious modification, and will not affect the main lines of the problem which you have to solve.

1719. As regards the particular scheme that you suggest, I want to make it quite clear to myself. It seems to me that the point of serious difficulty from the practical point of view would be the question of inquiry after a period of four weeks or whatever the period might be. I think you thought that there would be very little difficulty in that?—There would be no more difficulty after a period of four weeks than there would after a period of one week so far as ascertaining the fact of the incapacity of the workman is concerned. There would be no greater difficulty from the medical point of view. A doctor would examine the workman and say "this man is still incapacitated" or "this man is not still incapacitated." That is the first point. Then the question arises as to the origin of the accident—first, whether the accident arose out of the employment or did not. If the employer has been paying compensation for a period of a month or two months out of his own pocket, the probability is that he would not have done so if he had had any chance of proving that the accident did not arise out of the employment. I do not see why it should not be possible to investigate the circumstances just as well as if the matter became one for a county court action. As now happens very frequently, the matter becomes one of dispute to be settled after a considerable interval, and persons who witnessed the accident and know the conditions have to be examined and their evidence taken some time after the accident has occurred.

1720. If he had not paid the money out of his own pocket would not the employee feel a certain hardship if the Post Office did not take up the earlier risks?—The employee would never have any right to claim against the Post Office unless the employer went bankrupt.

1721. No?—His claim is against the employer and the employer would claim against the Post Office to be indemnified. If the employer had resisted the claim from the beginning, and had said that the accident had not arisen out of the employment, the Post Office would not come into it at all.

1722. I quite understand that. I was thinking of the point of view of the citizen who says, "The Post "Office do not take the early risks upon them." I will put my point in another way. I presume the Post Office would have to have some organisation to carry out either your scheme or any other which would cover at any rate the whole of the British Islands?—Yes.

1723. The doctor's fees would have to be paid in some form or other. There must be a final appeal upon any claim to some person, probably a doctor, on the question of accident in any disputed case. Is it possible (I have not been into the figures, and I do not profess to be expert on it) to maintain such an organisation as that without taking up the whole of insurance. You are of opinion that it could be done?—I do not see why not. In any case of accident there are two questions. There is a medical question and a legal question. The medical question is whether the man is incapacitated and how long his incapacitation continues. The legal question is whether the incapacitation is due to an accident arising out of employment and not caused by the serious and wilful misconduct of the workman, and, further, whether the particular person who is called upon to pay the compensation is the person who is liable.

1724. That I quite understand, but it does demand an organisation for the Post Office for all the medical side of the inquiry?—I should imagine (it would be for the Postmaster-General to decide) that it would demand a separate department of the Post Office, with its medical officers and its legal advisers, to supervise the whole scheme.

1725. It is for the Postmaster-General to say whether the cost, taking an organisation which would deal with cases after eight weeks, let us say, would be so little or comparatively so little that they could afford to lower premiums. That you put hypothetically?—They would have much smaller numbers to deal with.

1726. Then it is a question of the cost of the organisation in proportion to the cases, which we have not before us?—I do not suggest that in every village a doctor should have nothing to do but deal with these cases. Probably he would be paid by fees, like insurance companies' doctors, in proportion to the number of cases he had to undertake.

1727. That question, I presume, you have not gone into from the financial standpoint?—No.

1728. That is a very essential thing?—Yes, but I see no reason why, if in any given town the Post Office had a hundred cases a year under this scheme, and would have had, taking merely a fancy figure, 300 cases in the year, if employers were insured against all risks under the Act, the cost under the scheme of medical and legal advice would not be one-third in the one case what it would be in the other.

1729. You speak of towns?—Yes.

1730. I presume the expenses are larger, as we have heard from insurance companies, where you get scattered areas with few people insuring. You do not think that would be necessarily so? However, that is a matter for the Post Office?—Yes, but roughly it would be proportionate, I think. I do not think there would be any curve of increasing expenditure with diminishing numbers.

1731. We cannot tell yet what demand there will be for any form of accident insurance except from the figures that we have under past Acts. It is a question of opinion?—Yes. There is, of course, the general opinion of persons who can be consulted in the ordinary course, who very frequently say: "It would be a very "great convenience if we could insure our domestic "servants or our farm-labourers in the Post Office "instead of having to go to a Company."

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1732. (*Mr. Cochrane.*) Apart from the general demand, is there any demand for the limited form of insurance which you suggest?—That also is purely a matter of speculation. As I say, I merely suggest it with the utmost diffidence for the consideration of the Committee. I should not be prepared to urge it strongly on the Committee for their acceptance.

1733. It would be open to the ordinary insurance company to give a policy limited in that manner?—Certainly.

1734. But so far they have not felt that there is sufficient demand for them to issue a policy of that kind, I think?—That is so.

1735. Circumstances will change with the large number of small employers who will be admitted?—Yes. The insurance companies are willing and anxious to cope with the maximum amount of business. I do not know whether the Post Office would be anxious to undertake the greatest possible number of cases. The insurance companies also are anxious to cater for the large employers, and so far as I can understand the attitude of this Committee and of those who were responsible for the appointment of this Committee, catering for the large employers is not the point which was chiefly in view.

1736. You think that there may be a class of small employer whom it may be desirable to assist to insure and to give every facility to for insurance?—Yes. I think it depends very largely upon the rate of premium which a scheme of this kind would involve, and that could only be determined by actuarial calculation and by your expert advisers. If the premium were considerably lower—anything approaching half of what would be charged for complete insurance—then, I think, a very considerable number of small employers would be willing to bear the liability for the first periods of incapacity and short accidents, and would merely wish to secure themselves at a low cost against heavy loss in the case of a serious accident.

1737. That would undoubtedly be so if the Post Office were not liable to the competition of insurance companies who would issue a similar premium at the same rate?—The Post Office has advantages which should enable it to do it cheaper, as I said before, and further, it is so accessible that I think it would get a good deal of business in that way. Besides which I do not know that the Post Office ought to be anxious, as I say, to get the maximum amount of business. Its duty is to supply deficiencies.

1738. I was rather trying to press home the point whether there will be a deficiency. I have some sympathy with your suggestion that the Post Office might undertake the insurance of accidents which were of a serious character as proved by the fact that they had lasted for more than four weeks, or some other period, and also that they should pay compensation in the case of death. You suggest, I think, that if they only undertook that form of insurance they might do so at a low premium?—Yes.

1739. Other things being equal, the insurance company issuing the same class of policy would also be able to charge a lower premium than they do for a policy covering all risks?—Yes.

1740. They would start on the same basis?—Not necessarily so low a premium as the Post Office would be able to offer.

1741. The ground from which they started would be the same?—If the Post Office charge was half for this form of insurance the premium that it would charge if it took up complete insurance, then the company might also be able to charge half the premium, but it does not follow that the entire scale of premiums on the part of the company would not be higher, on account of cost of agency, and so forth.

1742. It is the facilities that the Post Office has that would enable it to give a cheaper policy than the companies?—Yes, and also the fact that the companies might prefer to limit themselves to complete insurance.

1743. Have they shown any such desire?—They are catering for large employers. It pays them very much better to insure large employers than small ones.

1744. I have endeavoured to elucidate that from some of the witnesses, and it has not been borne out by their evidence. They appear to be inclined to take any class of policy that will pay?—But then insurance company witnesses before this Committee are very anxious to convince the Committee that it is not necessary to have a Post Office scheme.

1745. If there were any kind of unremunerative insurance they would be perfectly willing to hand it over to the Post Office?—They do not know how far a Post Office scheme would go, either at first or in its development.

1746. It really comes to this, that you think that the Post Office are in a position to do insurance business cheaper than an insurance company?—The Post Office has obviously advantages which insurance companies have not, and it is impossible to believe that those advantages will not have a cash value.

1747. What would be those advantages?—The advantage that they have an office already in every locality and an agent in that locality. Many of the agents are whole-time officers and would not receive any extra salary at all for the work that they did in respect of insurance, and the others would receive an extremely small addition. The Post Office would not be at any expenditure in advertising, and they would not have postal expenses in transmitting policies or money, and so forth. Further, the public are, without the exception of a single individual, aware which is the nearest post office to their homes; but they are not aware, as a rule, which is the best and most secure company in which to insure their employees.

1748. The evidence that we have had has been to the effect that the agents are paid by commission?—Yes.

1749. Do you propose that the officials of the Post Office who undertake this work should not get a commission?—In points of detail I do not know what the practice in the Post Office and what the method of payment is. That is for the Post Office to determine. If the work falling upon any individual officer were very heavy, then he would require additional payment, but if the work was only occasional he would no more require additional payment than if you issued some new denominations of money orders or undertook some other fresh detail of Post Office business.

1750. In insurance a good deal depends, I think, on the way in which it is put, and the experience of the Post Office with regard to its life insurance rather tends to show that some kind of agency or advertisement is necessary if it is to succeed?—It depends upon what you mean by succeeding. If it is to capture a very large amount of business that is so, but I do not know whether that is necessarily desirable. I should say that the scheme had succeeded if you found that a fairly considerable number of small employers insured under it and that no cases had occurred of large claims being made which employers were unable to meet. Also the fact of the facilities given would to some extent absolve the State of responsibility in case an individual employer in an out-of-the-way district, whose man was killed, found himself bankrupt through his liability. The State would be able to say: "Here "at your door is the Post Office, and if you go bankrupt "through neglecting to fill up a form and paying 1*s.* a "year it is entirely your own fault."

1751. At any rate it would relieve a good deal of public feeling and anxiety?—Yes.

1752. It is bound to be very useful then if it is not very largely availed of?—Yes, even if it is not very largely availed of.

1753. Do you think that there is any chance of a combination against the Post Office between the employer and the employed? You will observe that your scheme (I will put it in that way) would leave a very long period to elapse before the Post Office might be called in—some weeks at any rate?—Yes.

1754. The only evidence that they could then go on would be the statement of the employer that he had been contributing, during the incapacity, so much a week?—No, that would not be their only evidence. They would send their doctor to examine the man, and they would ascertain whether he was incapacitated or

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not: If the doctor thought he was not incapacitated and the man asserted that he was, it would have to go to a medical referee in accordance with the provisions of the Act. Then they need not accept, as a matter of course, the statement of the employer or of the employed. If it is a doubtful case they will make their own investigation. If a man has broken his leg, and it is doubtful whether the accident has occurred at the man's work or at his own home, they would require very definite and formal statements from both the employer and the witnesses of the accident, which would make those making the statements liable to proceedings for fraud if they were false. They would investigate it, in fact, in the way that an insurance company would, and they would have to investigate it, perhaps, with even greater care.

1755. Greater care and greater difficulty, perhaps, owing to the lapse of time (not so much on the medical question) in the case of serious and wilful misconduct arising out of the employment?—Serious and wilful misconduct is exceedingly rarely pleaded at the present time, and will be still more rarely pleaded in the future, because it is limited now to accidents which do not cause death and do not cause serious and permanent disablement. In any case of death the question of misconduct does not arise. In any case of serious and permanent disablement the question of misconduct does not arise. Where the incapacity had lasted for less than a month or whatever the period is, the Post Office would not come in. There would be a very small margin of cases which lasted more than a month, but which were not cases of death or of serious and permanent disablement, in which misconduct would be likely to arise. The number is so exceedingly small that I think the point might be neglected in considering the whole question. It will arise no doubt from time to time. A man may have an accident which does not cause permanent disability but which incapacitates him for more than a month. It may be due to his drunkenness. Then I should say that the employer would refuse to pay for the first four weeks.

1756. I am thinking of the danger of collusion as against the Post Office?—There would be a certain danger and the Post Office would do its best to meet the difficulty, and the premiums charged would cover that risk as well as others. A certain number of false claims, I suppose, would be paid in the course of a year, but a very small percentage.

1757. It has been suggested to-day (I am not quite sure whether by the previous witness or by you) that a Government department was more or less regarded as a public enemy?—The Post Office would have to scrutinise the claims very carefully; but if you allow a period of one or two months to elapse before the Post Office comes in, during that period you have the strong personal interest of the employer as a buffer between the Post Office and the claimant.

1758. (*Chairman.*) Did you suggest that the notice of accident would have to be given at once even if there was a four weeks' or eight weeks' interval. I did not understand?—That is a matter of administration. On the one hand it might enable the Post Office authorities to investigate more fully and easily the accident, and on the other hand they would be receiving notices in a much greater number of cases of accident than those for which they would have to pay. It is merely a matter of administrative convenience whether they would require the notice of accident to be sent to them immediately or only in the case of an accident where they would have to pay.

1759. The Act gives no power with regard to that. You would have to alter the Act, would you not?—Notice would have to be sent to the employer of course in all cases.

1760. (*Mr. Cochrane.*) I am not asking these questions from a hostile point of view, but to get at what I see is a difficulty. The claim for compensation with respect to an accident must be made within six months of the occurrence?—Yes.

1761. You would then add on two months more?—No. The two months is from the time of the accident.

1762. The payment shall commence two months from the date of the accident?—Either one or two months. I suggest no definite period.

1763. If there is any tendency (I am not sure that there is) to treat a Government department in a less scrupulous manner than an insurance company, this proposal of yours would, I think, give facilities for collusion between the employer and his workman?—Let me take a concrete case.

1764. I am not thinking of death but of the four weeks?—To take a concrete case, a small employer has a workman who breaks his leg in coming to his work—not at the work, but while he is on his way he falls down in the street and breaks his leg, and he goes to his employer and claims compensation. The employer is insured in the Post Office, and the employer says, "I "know that your accident did not really arise in the "course of your employment at all, but I will pay for "the first month or two months because that will "compel the Post Office to pay afterwards, and then "you can pay me back." Had you in your mind something of that kind?

1765. That is the kind of idea that I had in my mind?—Yes, but he runs the risk of having to pay for the first period, and the Post Office would probably find out that the accident did not arise from the employment when they investigated the claim. It is quite possible that they might collude together, but the mere fact that the employer had paid would not bind the Post Office to pay.

1766. It would be extremely difficult for the Post Office after a considerable lapse of time to make the investigations. It would add to their difficulties at any rate. I do not say that it is an insuperable difficulty?—It would somewhat, but I think it would be in a very small minority of cases. Insurance companies also, no doubt, are paying at this moment in many cases which, on the strictest possible interpretation of the law they would not be liable to pay for.

1767. You suggest that any Post Office scheme should be self-supporting?—Yes.

1768. There would be some difficulties at first in getting figures upon which any premiums could be based?—Yes, that is so.

1769. You do not suggest any way in which an actuarial calculation could be made?—No. I imagine that if this plan were adopted, or anything similar to it, the Post Office would enlist insurance experts in its service as advisers and would frame the best calculations it could—with a margin of safety. If later on it found the premiums had to be raised or had to be lowered it would not make its contracts for more than a year.

1770. Readjusting them at the end of that time?—Readjusting them at the end of that time.

1771. It is rather a fresh experiment, and they would have to gain experience?—Yes.

1772. (*Mr. Turpin.*) You propose covering the liability in the case of death and incapacity after a fixed period. That would secure an agent on the spot practically in the shape of the employer to watch over the case?—Yes.

1773. That would be an advantage?—Yes, a very great advantage.

1774. Do you think it is possible for the Post Office to cover more than the legal liability—as, for instance, compensation from the date of the accident as the insurance companies are offering?—That is going to the other extreme, and would involve the Post Office in an even larger number of cases than insuring all risks under the Act would. I see no obligation whatever on the State to offer insurance against risks which no law lays upon the employer. Going back for a moment to your previous question, you said that this would secure an agent on the spot in the shape of the employer in every case. It would not do so in cases of death or in cases in which, from the beginning, the accident was obviously likely to incapacitate for more than the fixed period—if a man lost his hand or his eye, for instance.

1775. You only expect collusion or something similar in the case of temporary incapacity, not in the case of permanent incapacity?—The possibility of collusion.

1776. Supposing insurance was for the whole risk and a bonus was offered in the way of rebate on future premiums if there were no claim, could not you secure the co-operation of the employer?—I do not know that

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any insurance company has ever found that profitable, and if that were done the amount of bonus that a man would gain if he made no claim would be so very much less than the amount of compensation that would be obtained if he claimed, that it would not be worth his while to abstain. I do not know whether in the insurance world such a device as that has ever been adopted. If it were thought expedient it might be adopted.

1777. A fire insurance company, if you are insured for six years without a claim, will give the seventh year free?—That is a form of discount that I should not think it advisable for the Post Office to adopt.

1778. You want to secure the co-operation of the employer on the side of the Post Office instead of on the side of the employed, because you want to make the employer your unpaid agent. You do it by the first method of making him himself pay for the first eight weeks, or whatever the period may be, because he is interested. He is putting his hand in his pocket. If you find that limited insurance will not do, and you have total insurance, the only thing to do is to offer him a bonus in the shape of abatement of premium. That is the object of the bonus?—I would not like to give an opinion on a plan of that kind. I do not know how it would work out in practice. If I might go back to a point raised a minute or two ago with reference to sending the notice of accident and immediate investigation, it is possible that it might be required that the employer should give notice in all cases of death and of accidents so serious that it was obvious that the incapacity would last longer than a month. I can see no disadvantage in that, and perhaps great advantage.

1779. (*Chairman.*) That is a matter, you say, of administrative detail?—Yes.

1780. (*Mr. Turpin.*) Do you think that the Post Office could do this business cheaper than the insurance offices? The insurance offices say that the expense of carrying on this business is no greater than they were paying before, and that the same printing practically does because they have been doing other business for the people and paying for printing, and the only additional expense on the insurance companies is to pay the percentage to their agents on the premiums received. The printing, they say, is immaterial, so I do not see how the Post Office could do it much cheaper than that?—The cost of agency is considerable in those cases.

1781. Fifteen per cent?—That is very considerable. Then, of course, on the whole of their business they earn a considerable profit which the Post Office would not have to do.

1782. They say that it ranges from 2½ to 5 per cent.?—If you add 5 per cent. to 15 per cent. it makes a considerable difference, in addition to advertising and so on.

1783. (*Mr. Hewby.*) I think that several witnesses have expressed the opinion that a policy limited to cases of death and of prolonged incapacity is not likely to be at all attractive to insurers. I suppose you would not share that opinion?—Certainly it is not likely to be attractive to large insurers, and it is not likely to be attractive to people who look upon this matter as a business proposition, as the Americans would say.

1784. (*Chairman.*) If it was a lower premium people might take advantage of it?—If it was a lower premium. Accidents are very rare in an ordinary household. The employer of a domestic servant, for instance, would want to protect himself against a heavy claim in the case of death or permanent disablement.

1785. (*Mr. Hewby.*) I think you said that the sort of policy that the Post Office ought to produce should be a very simple policy if they are to do much business?—Yes.

1786. Would it be practicable for the Post Office, if they ran the thing on commercial lines, to produce a simple policy, considering the great variety of cases which will arise under the Act?—I think so. Of course there would not be one rate of insurance. There would be various rates of insurance according to the nature of the employment, but there ought to be as few rates as possible. I think that the matter, after some experience, would work out roughly in such a way that a few very simple forms of insurance contract could be drawn up. There might perhaps be a considerable number of regulations printed on the back of them, but the form which the applicant would be required to fill up would require the entry of a very few particulars, and he would quite easily be able to ascertain at what rate of payment he would have to insure. They should also be so framed that people could get them for a short period at a proportionate premium in respect of temporary employees.

1787. The difficulty that I see about the simple policy with a limited number of rates is rather this—that in order to limit the rates you would have to take a sort of average of cases, and that the only people who will come to insure with you are those who will score upon that average, and the people who will not score will stay away?—Then that would not be the rate of premium for your average of cases. The basis of your average would immediately disappear and you would have to raise your premium—in other words, your premium was too low and you had made a mistake in your original calculation.

1788. (*Mr. Cochrane.*) It might be that you would be left with the more unremunerative business, and either have to do that or nothing?—Then you would have to raise your premium.

1789. Then the advantage of your low premium would disappear. You would have competition?—I am not sure that you would find that it would be necessary to have the rates very finely graduated in order to secure that. You do not find that the insurance companies closely graduate their rates for employers' liability. You do not find that mutual indemnity insurance companies invariably graduate their rates very finely.

1790. (*Mr. Hewby.*) We have had evidence of considerable graduation of rates?—Some of them do.

1791–2. (*Mr. Denman.*) Your assumption all along is that the Post Office will on each rate be able to quote something rather lower than that of the companies?—Yes.

1793. (*Mr. Cochrane.*) The same difficulties would arise, and the Post Office undoubtedly would have to have a separate organisation to deal with it, you think?—Yes.

1794. (*Mr. Kirkwood.*) When we had the representatives of certain insurance companies here they were asked if they would insure only for death or permanent disablement, and their reply was: "Speaking "generally, we should regard it as bad policy on the "part of a company to take up the latter end of a "case allowing the employer to watch the man during "the earlier days, the company then taking the case "up, because you are saddled with something serious, "whereas you cannot watch the case as you should be "able to do in the earlier days." I suppose they mean that if the employer takes the responsibility upon himself for the first four weeks or eight weeks, as you suggest, the case may not be so well looked after from a medical point of view, and that an accident which might otherwise have been cured within a reasonable time might possibly lead to permanent disablement, and in that way a considerable number of cases might come on the Post Office funds which, if the Post Office had had the opportunity of investigating the cases from the outset, would possibly have been cured before the end of the four or eight weeks?—There might be some such cases, but I should be surprised to learn that there were a considerable number of cases which require medical treatment and are evidently of some seriousness, but which are so badly treated that whereas they might have been cured within four or eight weeks, they last for a long time.

1795. Take the cases of strains, or of incipient rupture, or anything of that kind; if they are neglected they might lead to very serious consequences?—Rupture is very rarely an accident under the Workmen's Compensation Act. There have been one or two cases, but very few.

1796. Strains would come within it, would they not?—Yes, strains from accident. You suggest that there

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might be a large number of cases curable within a month if properly treated by the Post Office, but if the Post Office did not watch from the beginning would go on and involve a heavy charge.

1797. Yes, which might be speedily cured?—There might be some. That would be a disadvantage to set off against a scheme of this character, but I do not think it would be very considerable. I mean this: If the Post Office were to insure against liability to pay compensation from the date of accident, the disadvantages of doing that would be infinitely greater in cost of administration and so on than the disadvantage of having to deal with an occasional case which might have been cured rather earlier if the Post Office doctor had seen it from the beginning.

1798. We asked the insurance companies whether they thought that a policy covering partial risk would be a success, and the witness answered, "I do not think so "at all. I think the best answer is that it would have "been brought out if there had been anything in it. "With the exception of collieries there is no demand "for it at all. As we have all been in active com- "petition, and are only anxious to bring out anything "that appeals to the general public, I think you may "take it that it would have been brought out long "since if there had been any general demand for it." Do you think that probably there would be a general demand if the Post Office undertook it?—I do not think there would be a general demand. I think there would be a demand for insuring clerks, shop assistants, and so forth in a post office near at hand at 2*s.* against these risks, instead of insuring them at 4*s.* with a company.

1799. If the premiums were the same, the insurance companies by canvassing energetically would get the business and the Post Office none?—The greater accessibility of the Post Office, and also the fact that it does not pay companies to canvass in out-of-the-way districts, must be set against that. I think the Post Office ought to supplement other agencies. I do not think it is possible for the Post Office to deal with the bulk of the business. A scheme of this kind would supplement other agencies.

1800. How would the Post Office get at the small employer in out-of-the-way districts, where the insurance company could not get at him?—The Post Office would not get at him; he would get at the Post Office.

1801. The evidence tends to show that such small employers will not do it voluntarily. People do not appreciate the risks unless the agent goes and points out the risk that is being run?—One hard case in a district, reported as it would be in the newspapers, would be the strongest possible inducement to hundreds and thousands of people to insure.

1802. Directly that hard case occurred the insurance companies would doubtless take advantage of it, and would send out notices and advertise to see if they could not get the custom?—If the Committee from the evidence that it receives are fully convinced that the agencies are sufficient, and there is no need for additional facilities, they will be infinitely the best judges.

1803. (*Chairman.*) May I interpose a question there. The difficulty of this Committee has been, as you very likely know, in getting evidence. If we could see any fresh sources of evidence we should, I am sure, all be exceedingly glad to get it. I think I may say that the strongest evidence that we have received is the case of men on small ships?—Fishermen.

1804. Coasting vessels. We have had a difficulty in finding anybody except those to come forward and give evidence?—You cannot have evidence of the effect of an Act which is not yet in operation; it is impossible. It must be only speculative evidence, and the class that one has chiefly in mind is that of the less intelligent, uneducated, quite unorganised small employers who are not in any way vocal, and cannot appear before this Committee or any other committee in any representative way. If you sent a commissioner down to the artizan streets, say in the north-eastern districts of London, to ask whether the householders employ a general servant, where they are likely to employ one, and if they do, whether they propose to insure, then you will get direct evidence.

1805. You speak of the Committee being satisfied that there are facilities for everybody. That is not a question of facilities, but a question of whether they do or do not insure. That is rather a different point?—They are very closely connected.

1806. We have had a difficulty in getting evidence. There is no reason why I should not state that. We have had a good deal of opinion. I thought that possibly you might be able to suggest, from your great experience at the Home Office, other classes of evidence. Perhaps your factory inspectors could help us?—I think that they would give you some useful information as to the customs of the persons who are already under the Act of 1897; that is to say, the small owners of little factories. The owners of workshops are not required to compensate their workmen under the Act of 1897.

1807. (*Mr. Davies.*) Would not the limited policy which you suggest appeal only to a very limited class of employers—the employers of servants, clerks, and shop assistants?—I think that it would also appeal very strongly to a large number of farmers and to a very considerable number of miscellaneous employers who will find the Act as it stands a considerable hardship; people like ecclesiastical authorities, who employ choristers, sextons, bellringers, and so on, all education authorities who employ teachers, and a very large number of owners of small miscellaneous businesses up and down the country, costermongers, little traders of one kind and another, boatmen, and so forth. There are many hundreds and thousands of small traders employing a boy or one man or two men on odd jobs occasionally in their business. An accessible and very cheap Post Office scheme insuring them against the distant risk of a serious accident, leaving them to bear the slight burden of a less serious accident, would appeal to a very large clientèle.

1808. It would appeal broadly to those who are willing, in a friendly way, to keep people going for a month?—Yes. They would say to themselves, "I have "never had an accident in my business, and I am not "likely to. If a man injures himself and is laid up for "month, I can pay half wages up to 10*s.* or whatever it "may be, but I do not want to run the risk of having to "pay his children 150*l.*, or having to pay him 5*s.* a week "for the rest of his life, and if I can insure against "that for 1*s.* instead of 2*s.* 6*d.* I will do so."

1809. You do not think that a scheme of this sort will be taken up by small laundries and so forth, which have no sort of affectionate bond between themselves and their employees?—I think it will be taken up by people who do not know much about insurance, and do not know what company to go to. They would go to the post office round the corner and fill up a form and pay their shilling and have done with it. I do not think it is possible to specify trades. It is more a question of the character of the population than of the industries in which they are engaged.

1810. I can quite understand people being content with a limited policy for their own domestic servants, but with regard to small employers who have people to work for them and to whom they pay wages, do not you think that their first object would be to have all expenses arising from accident covered by insurance?—If accidents were numerous, I think it would—if it was a dangerous trade; but if accidents were very rare I think they would look first to cheapness. It depends very largely upon what is the difference between the two premiums—that covering the half risk and that covering the whole.

1811. In the case of the domestic servant you have only a low premium. It is quoted at half-a-crown now?—Yes.

1812. If the Post Office issued a limited policy at 1*s.* do you think that a considerable number of employers would take a Post Office policy in order to save the 1*s.* 6*d.*?—Yes; an enormous number of working class and lower middle class people would.

1813. You think it essential that if the illness were prolonged the Post Office insurance should not date back and should not cover the original month?—My own view is that it is a great advantage that it should not date back so that you may have completely the advantage of the employer as a buffer. The fuller

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consideration of the question by the Committee, I can well understand, may lead them to an opposite conclusion.

1814. You would think it quite fair for the State to take up this single aspect of the business?—Fair to whom?

1815. Fair to the insurance companies?—I think so. The insurance companies say that they do not want to do it in this way, and, as I said before, this Act is giving them millions, taking it over a long series of years. They have very little ground, I think, for complaint if Parliament should say, "We insist on all employers, "however small, bearing this liability, but as regards "those small employers we offer them facilities for "insurance." The insurance companies are bound to gain a very large amount of additional business indeed, no matter how much the Post Office may do under this Act.

1816. The Act brings over 2,000,000 domestic servants in?—Yes.

1817. Presumably if the Post Office were able to offer a popular shilling policy, it might get most of the business while avoiding the troublesome and risky risks?—Until Parliament passed this Act the insurance companies had none of the business at all.

1818. (*Chairman.*) Is it not possible, if the insurance companies find that it is as you say, they are at liberty to go for the 1*s.* rate too?—Yes.

1819. It is not a question of a monopoly?—I think there would be competition by the State, but quite of a legitimate kind; it would not be illegitimate competition.

1820. (*Mr. Davies.*) You are merely contemplating the State running this policy with regard to liability after a certain period?—That is in my mind.

1821. You would not also propose that it should run policies for complete liability?—I have not the honour of serving on the Committee, but if I were serving on the Committee my view would be naturally influenced by the evidence which you have taken. As at present advised I should limit the Post Office to this single form of policy.

1822. The effect of that would be to give them that particular class of business which perhaps is the best class of business presented to the insurance companies by this Act?—I do not think that the State is at all concerned with that. I do not think it is the business of Parliament to make business for private capitalists or to abstain from competing with them if in the public interest it ought to offer facilities for insurance.

1823. This Post Office policy, it occurs to me, would practically make a bid for the risks that are covered by very low premiums by the insurance companies?—If it insured, for instance, boatmen, the risk would not be low.

1824. Not with regard to boatmen?—There are other very dangerous occupations such as motor-driving. If the companies are insuring slight risks at a premium which more than covers the risk, with the result that they are making a very considerable profit, I do not see that that is any reason why the State should not come in and say, "We will do the business and charge the fair premium." It is indeed one of the reasons why the Post Office should step in, if it is found to be practicable, that the small employer, against a very small risk, is called upon to pay a premium which is wholly disproportionate to that risk, and therefore he will not insure himself.

1825. (*Chairman.*) I do not quite follow that. It is not clear from the evidence that the insurance companies have given; they are quite in the dark as to what the real risks are. Who is to know what the risks will be under the new Act?—Exactly. You can only judge from previous experience and by taking the cost of insurance and compensation in the trades which are brought in under the earlier Acts.

1826. My recollection is that they said that this was an experimental rate which they would bring down afterwards if the risks were found to be low. In that case the advantage of the State offering low rates would be altogether lost, although it was the first in the field to do it?—I do not think the State should look upon it in that way. It is not a matter of serious importance whether only 100,000 workpeople are insured with the State, or whether you are able to get two millions. I do not think you need think that because you cannot get the bulk of the business, therefore nothing at all should be done by the State. The Post Office should supplement the other agencies. It might work out on a comparatively small scale compared with the number of people in the country who are insured against workmen's compensation risks.

1827. (*Mr. Denman.*) I want to suggest to you that the vast majority of the arguments that you have adduced with regard to the State giving facilities for workmen's compensation insurance, would also apply to the State giving facilities for fire insurance. Do you feel that there is the same necessity with regard to fire insurance?—No. I do not think they apply at all in the same way. There are comparatively few small people who are called upon to insure their houses against fire compared with the number of small people who are employers of other persons. All small farmers and all artisans in towns, and almost all working classes throughout the country, are not the owners of houses, but the lessees of houses.

1828. But they commonly own a certain amount of furniture and personal belongings?—Yes, but almost invariably do not insure them. It is practically unknown that they should.

1829. Is it not very severe on them that they should suffer loss by fire. Ought not the State to step in to prevent it?—Fires are extremely rare, and, after all, the value of the furniture that they lose is very much less than the amount which they might have to pay in the case of an accident.

1830. The fire premium would be about 1*s.*, and it is suggested that the premium in this case should be also 1*s.*?—1*s.* on what?

1831. 1*s.* per cent.?—On the wages paid. The other is 1*s.* per 100*l.* worth of goods insured. Let me give the illustration of a blacksmith in a village who lives in a house belonging to the squire of the village, and who employs an assistant. If the house is burnt down the landlord has insured the house. The furniture is worth perhaps 20*l.* or 30*l.*, and it is burnt. If the blacksmith's assistant is permanently disabled from following his trade the blacksmith may have to pay him 10*s.* a week or 26*l.* a year, or possibly 500*l.* altogether. So that the risk of not insuring against that liability is infinitely greater than the risk of not insuring his furniture against fire. The fact is that, taking all the country over, practically no small people do insure their furniture. Perhaps that is an argument in favour of further facilities.

1832. Simply because in this case the possible danger is of a higher financial value, the State ought to interfere, you think?—The State does not impose on the blacksmith in the village the necessity of insuring against fire. The State has nothing to do with insuring against fire, or with the loss that falls on the man on account of fire; but it has a great deal to do with the loss that falls on the man on account of the accident. The blacksmith may not be to blame in the least for the accident, any more than he may be for the fire, but the State says, "You must pay over to the injured man, "for his benefit, a sum of 500*l.*" That is where the State comes in.

1833. The risk of collusion must be very great in certain cases. For example, evidence as to the date of accident would be very hard to get, independently of the employer and the employee?—You mean to say that they would make out that the accident had happened considerably earlier than it actually had done?

1834. Yes?—They would be required to sign a statement to that effect, which would render them liable to heavy penalties if it were false. An accident serious enough to incapacitate a man for a month would certainly require the attendance of a doctor, and I do not know that it would be difficult to ascertain the date. The local doctor would know when the accident occurred, and would not lend himself to any fraud, so that I do not see any great difficulty there

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1835. No—not if the doctor were called in. Then there is the case of collusion, where the employer and employee might decide that an injury should last for longer than four weeks, or eight weeks?—They might arrange between themselves you mean?

1836. Yes?—The employer might admit the claim and arrange with the workman that he should go off work for eight weeks.

1837. Yes?—Such a case might occur here and there, but it would be a very rare one. You must remember that all the time that the workman is away from his work he is only getting half wages. He may be insured in a friendly society as well, and therefore be getting as much as he earned before, but friendly societies keep a very strict watch on their members. Nothing is more to the advantage of the employer than that the employee should be insured in a friendly society, because they are very strict with malingerers. If he is not so insured he only gets half wages all the time.

1838. You think that one of the chief advantages of the Post Office scheme is that the Post Office as a building is an accessible centre?—Yes. I attach the very highest importance to that.

1839. If a postmaster privately took on an agency for an insurance company, he would fulfil, would he not, many of the functions that you desire that the Post Office should fulfil?—Yes. If it were generally known that by going to a postmaster you could insure your men it would be very much the same—in fact it would be precisely the same. But the knowledge of the fact is the important thing. The fact of a postmaster having a little private room, and having an arrangement between himself and an insurance company would be of no value at all to somebody in a back street, a 100 yards away, who was taking on a labourer for a month or two, and who wanted to insure him.

1840. If the Post Office were to persuade postmasters to take on these private agencies, and if the Post Office advertised the fact, would that meet your desires very largely?—If it were done universally, and if you got over the great difficulty of determining what insurance companies you would in this way advertise, and what insurance companies you would not, and also the necessity of adopting at the same time some scheme by which you would be able to guarantee the solvency of those that you did advertise, and, further, if you could get over the difficulty that a company which was guilty of harsh methods would be denounced by working-class people, and that the Post Office would have to decide whether or not to take it off its list on that ground.

1841. If it were purely a private arrangement between the sub-postmaster and the company, the Post Office would not interfere probably. It would be possible for the Post Office to make lists of companies that sub-postmasters were not to be agents for, but probably the Post Office would not favour any particular company?—It would be very difficult indeed to make any such list, and would involve the Post Office in possibilities of the gravest possible friction with insurance companies, and would bring to the Postmaster-General for the time being problems for solution which would be practically incapable of solution. Besides which, any such plan would not have the great virtue of universality. You could not say to a small employer or a small farmer, wherever he might be: "Go to your "post office and you will be able to insure." Some sub-postmasters would do it and some would not.

1842. It would be possible, would it not, for the Post Office practically to compel all their sub-postmasters to take up agencies?—That I do not know. I cannot speak as to that.

1843. There is no evidence whatever, is there, that would be available for the Post Office for fixing the premiums under your scheme?—There is the same kind of evidence as would be available for the insurance companies. The rates would be susceptible of adjustment in the light of experience.

1844. Have you known the Post Office to put up any rate on any of its services?—I have not a sufficiently minute acquaintance with the ramifications and history of Post Office proceedings to be able to answer.

1845. Do you think it practical for a Government Department to raise the cost of the services that it performs without causing a very great outcry?—Certainly. It is a purely business transaction in this case. It is not like letter postage, where many considerations enter; it is merely a return for payments received from particular individuals.

1846. The Post Office has not any of the information which the companies possess in regard to premiums?—You have the companies' scales.

1847. But they do not reveal what proportion of those premiums should be allocated to risks of permanent disablement and death, nor, as far as I know, are there any means of obtaining that information?—I think that the statistics that I have given, and especially the tables from which they are drawn, give a sort of rough indication of the comparative amount of liability attaching to various kinds of risks, and you can also, I think, get further information from the evidence taken before the Departmental Committee of which Sir Kenelm Digby was chairman. It must be quite obvious in any case that the fair premium for a limited scheme must be very much less than the premium for a complete scheme.

1848. Such schemes as you refer to under the Workmen's Compensation Acts generally relate, do they not, to large employers?—Yes.

1849. And there is practically no means at all of deducing from these schemes the facts relating to small employers?—Yes, I think there is. The lesson which I suggest might be drawn from these figures simply relates to the proportion of accidents which incapacitate for less than four weeks, the proportion of accidents which incapacitate for less than eight weeks, and the proportion of deaths, among a given number of men employed, and the relations of these one to another. They will vary according to whether the trades are dangerous trades or non-dangerous trades.

1850. They will vary in every trade. There would be a different proportion in each trade?—There would be, you mean, more deaths in some trades than in others?

1851. Each case must be dealt with on its merits, without exact information?—You can never, in insurance matters, get exact proportions. I do not know whether these trades which have been extracted, are specially dangerous or specially safe. The figures are averages. The Report of the Registrar of Friendly Societies gives a list of the actual trades.

The witness withdrew.

Adjourned to Monday next, 11 o'clock

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General Post Office, Monday, April 15th, 1907.

PRESENT:

THE LORD FARRER (*Chairman*).

The Hon. T. H. COCHRANE, M.P.
H. DAVIES, Esq., I.S.O.
The Hon. R. D. DENMAN.
L. J. HEWBY, Esq.
W. G. KIRKWOOD, Esq.
W. G. TURPIN, Esq.
E. RAVEN, Esq., *Secretary*.

Mr. J. Dodgson.

15 April 1907.

Mr. J. DODGSON, examined.

1852. (*Chairman.*) You are Inspector of Factories at Sheffield?—I am.

1853–4. Under the Home Office?—I am.

1855. Is it the case that precautions have been taken to insure against employers' liability the employees of large firms in Sheffield, and even those of small occupiers who have a trade name?—Yes.

1856. Are you aware of the peculiar conditions under which Sheffield labours with regard to numerous small occupiers, chiefly working under what are known as "tenement" conditions?—Yes.

1857. Do you find amongst those that do the heavy trade, chiefly grinding, that such insurances are effected to an extent you scarcely expected to find?—Yes.

1858. Do such firms frequently insure not only such of their employees as work on their own premises, but also their outworkers in tenement factories to whom they give out material to be worked up and returned in a more or less finished state?—That is correct. In giving that one statement I am generalising. I am referring to "the heavy trades."

1859. Have some gone a step further, and are there outworkers in tenement factories who are not employed solely by any one firm, but yet are insured by this or that firm for whom they do work on a basis of an annual assessment of what has been given out to such operatives?—Yes.

1860. Have you found in some instances that that has been done in respect to the same operative by one, two, and even three firms who have given him work at intermittent periods?—Yes, I have.

1861. Are the firms that give out material to be worked up legally liable?—I do not think so. In some instances yes, but generally no.

1862. And yet they insure?—Yes.

1863. Will you now come to the general run of cutlers, or other tenants in a tenement factory or workshop, who have to obtain work where and how they can, and may employ a man occasionally, or a man and a boy, whether occasionally or regularly, or who may employ more or less regularly a small number of women and girls. Do you understand that among these insurance is neglected utterly?—Yes.

1864. But, to the credit of such occupiers, you would say that accidents rarely occur, and that serious accidents are practically unknown?—That is correct.

1865. And with such occupiers serious book-keeping, or, indeed, a business calculation of any kind, is either beyond the skill of the occupier or is a matter of downright indifference?—That is so.

1866. What they give in wages and the difference between profit and loss is, I suppose, worked by rule of thumb?—Yes.

1867. A man expects to make nothing more than a living wage for himself out of his operations?—That is correct.

1868. Do you find that the people working for such occupiers are nearly as indifferent as their masters, and are quite content to share the risk of non-insurance with the occupier?—That is so.

1869. It is not because there is the slightest sympathy between such an occupier and his servants, but that they see that without exercising a certain amount of generosity there is not much prospect of work, and they deem half a loaf better than no bread?—That is correct.

1870. And if an accident in such a case really does occur, is it found that the injured workman returns to work directly he can handle a tool or pursue his occupation; whereas in such cases, with a reputable firm well insured, the workman would probably remain at home for some time longer?—That is so.

1871. Do you think that small occupiers fail to insure for the reasons put in the Home Office inquiry* ?—In most cases, yes.

1872. Are there very few who are ignorant of their liability, but very many who are totally indifferent about bankruptcy, and who are reckless and have not the capacity for foresight; and are there certainly many to whom the cost of insurance at once precludes the insuring of their employees?—That is correct.

1873. Do you think there is any want of facilities for insurance?—I think there are plenty of facilities for it. Possibly thoughtlessness and cost of insurance are the chief reasons.

1874. You think that every facility is given to these men to insure by solicitations of insurance agents, but, living from hand to mouth, they have not the means to avail themselves of those facilities?—The employing operative cutler would assure you that he is without the means.

1875. You know no one who could give any additional information on the subject except the local insurance agents?—No.

1876. What number out of your total workshops in Sheffield should you say are occupied by these small people who cannot insure, or who will not insure? Have you formed any idea of the percentage?—I should say that amongst little factory tenants not more than 5 per cent., if so many, insure.

1877. You cannot give us any idea?—Let me explain to you for one moment. The tenement system in Sheffield has not its like elsewhere in England. You have very large firms that employ a very large number of hands. The employers may be occupiers of factories separate and distinct, or may not be occupiers of factories at all. There are very big employers, and likewise what are known as "little masters." The "little master" is a man who may or may not occupy a factory himself, but his work is invariably sent out to outworking tenement occupiers, who are the class to which I allude. But it is the outworking employees of these, who paying for space and power (if a grinder—tenant of a hull or part of hull; if a cutler—tenant of a shop or part of shop), and working under the Sheffield system becomes an occupier, and upon whom rests the legal responsibility, as I understand it, of paying compensation to those whom he employs. There are, moreover, hundreds if not thousands of grinders, cutlers, and others, who are thus masters on their own account, who work alone; but, as they pay their own rent and do not employ any one either regularly or casually, are neither payers or receivers of compensation for injuries. This room we are in now would make four average tenement shops in the cutlery craft. In each of these, four rent-paying cutlers may be at work dependent upon nobody

* *i.e.*, ignorance of liabilities, indifference to bankruptcy, recklessness or want of foresight, want of facilities, or cost of insurance.

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for compensation. One of these may employ a boy, another a girl or woman, a third perhaps may employ a man or two; but very rarely does the thought of insurance dawn upon the imagination of either occupiers or employees. As with cutlers, so in like manner with grinders and outworking electroplate workers. The employer has no capital at stake. What few shillings he has are invested in the necessary tools, grindstones, and means for carrying on his industry. The material he receives from factory owners, or from another occupier or little master, or even from an agent, is sent him to manipulate into articles, parts of articles, or even only for a stage of manufacture of such articles.

1878. Can you give us any idea of the actual number of such people in Sheffield, if you cannot say the percentage?—Do you mean Sheffield itself?

1879. The district that you are concerned with?—Of the type of people I am speaking of at the present time we shall have between 12,000 and 20,000. That is, little masters or people below the little master standard, namely, the occupier of a little tenement factory and any operatives employed therein.

1880. Do you say that some of the little masters insure?—Those that are of sufficient standing and have a name that is worth keeping up.

1881. Are you not including those in your 12,000?—I can scarcely tell you that. I could not tell you the proportion, but I should say something like a fourth of the actual number. Of the 20,000 operatives in those branches of the trade, something like 4,000 to 5,000 or 6,000 are not insured.

1882. How many of these 20,000 operatives are under the control of the large manufacturers?—About a half.

1883. Are these practically all insured?—Yes.

1884. You say that there are very many who are totally indifferent about bankruptcy?—Yes.

1885. Have you any figures to corroborate that rather startling assertion?—I have here—and I wish I could put it in the vernacular to tell what was said with regard to this—a little sketch that was drawn on the wall by one of these very men that employed himself and a man and a boy occasionally. He asked the engine-tenter for a piece of chalk, and this is the answer of the man to a similar question to what you are asking me now. He took the chalk, and on the wall drew that figure, which is 0. He said, "Dost know what that means?" and the engine-tenter said he did. It meant nought. He said, "That represents the money that a "grinder has got before he begins work." Then drawing a 0 beneath it, he said, "You see that—dost know what "that means?" The reply was, "Yes." He said, "That means what a grinder is getting after he has "done his week's work." He said, "I will draw a line "under it." Drawing the line, he said, "Subtract "bottom from top, and that tells you just how much "a grinder has got left to pay for insurance." And I believe the man is in a sense perfectly right. The type I am speaking of are working so that they may get so much per week. In bad times that may drop down pretty nearly to nothing. In good times it may be a respectable amount, but they are a very unreliable class if you were to fix them down to a date or fix them down to a sum of money payable promptly.

1886. I am very much surprised to hear that any class in Great Britain is very indifferent as to bankruptcy. Perhaps that is only a personal view of mine, but I have never found it in any class that I have had to do with yet, but you think there is definite callousness as to bankruptcy on the part of a large class?—By bankruptcy I do not mean commercial crisis. Bankruptcy with them is just simply waiting, either getting a living by working on something else, or going along anyhow until the time comes that they get sufficient orders to continue business again.

1887. Have you any evidence at all from any insurance people as to whether this class in Sheffield are more difficult to get insurance money from, taking those who have insured? You say they do not insure at all?—I have asked insurance agents just in view of coming here, and they all speak of them as being a very unreliable class.

1888. Perhaps you can tell us also whether the insurance companies have ever helped them along?—No, not that class. You must remember, if you will excuse me for interrupting, that these men only pay from 6*d.* per week up to 4*s.* 6*d.* per week for their factories. If they get into any sort of difficulty it is quite an easy thing for these men to pick up a few tools and simply walk out from one tenement factory into another one where they will stop so long as the owners of the premises will allow them the use of power and sufficient space for them to carry on their operations. The landlords of the tenement factories are the persons who have most controlling influence over their tenants; but I have frequently found that the rent is in arrear or unpaid and absolutely lost.

1889. Do you know whether the proportion of actual bankruptcies in the county court in Sheffield is greater than in other towns in the North?—I should say so, but on that point I should not like to affirm positively.

1890. In what way do you think that the Post Office would give extra means of insuring to these people who apparently go bankrupt every few weeks?—I do not say that they do that, but I should say that it would be a very bad thing for the Post Office if they were to attempt to take in hand what the masters, the owners of these premises, would not take in hand themselves. It would be a very difficult thing. When these men go bankrupt they do not go through the Bankruptcy Court at all.

1891. No, I quite understand that?—Exactly.

1892. *(Mr. Cochrane.)* When they go bankrupt they simply stop work?—They simply stop work until something turns up.

1893. They have no assets for anybody to come on—just a few tools?—That is all.

1894. The few tools necessary in cutlery operations?—The few tools and grindstone; that is all.

1895. Comparatively of little value?—Comparatively of little value.

1896. Therefore anybody who has a claim against them finds nothing to come upon?—That is about it.

1897. You think there are 4,000 to 6,000 of these small people who are not insured?—I should say so.

1898. That is an estimate that you have formed?—That is mere estimate.

1899. There is a large population engaged in the cutlery trade in the district?—I should say from 20,000 to 30,000 would be engaged in cutlery and allied trades trades of Sheffield.

1900. Have they been included in the Workmen's Compensation Act previous to the passage of the present Act?—From 1897 gradually insurance has grown and grown with the larger occupiers. You must understand that a large occupier who is a producer of cutlery does not nearly produce himself the whole of the cutlery that he sells. They are very accommodating amongst themselves. If anybody sent to any one manufacturer in Sheffield, an electro-plate worker or Britannia metal worker or a tool worker or a cutler pure and proper, for penknives, he could let you have exactly the make asked for, although he does not produce it himself. They are as much merchants as manufacturers really. They go to this, that, or the other man who makes these particular implements and get accommodation in that way. The big man uses his name and employs the smaller man to make the article.*

1901. He, as it were, sub-contracts?—Yes.

1902. Hitherto, under the 1897 Workmen's Compensation Act, were those small men included? They were not, were they?—Not at all. It has been a growth since 1897 up to the present time. There has been a large growth, and with regard to the legal grounds upon which any action could be taken against the large employers of these small men, what the large manufacturer does is to show to the insurance company exactly what his wages bill has been for the last year. Amongst the persons that are receiving what are known as wages (really commissions) we have these outworkers, who are not employed weekly by one man but by a

* *(Note by witness.)* The larger firms now insure their own workpeople, for whose convenience they provide room and power, but not as a rule the smaller outside makers.—J. D.

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dozen men throughout Sheffield wherever they can manage to get work. I believe that in many instances, if the matter came before the law courts, though the men have received so far compensation to trifling amounts, the claim would be found to be not a legal one.

1903. Quite so. Hitherto it has only been necessary for the employer to insure under the Employers' Liability Act, and not under the Workmen's Compensation Act?—Formerly in these trades insurances were not taken out to any extent.

1904. If they have been doing work outside a man's factory it has not been necessary at all to insure them under the Workmen's Compensation Act. Has there been a liability?—I do not think so.

1905. There has been a liability at common law, I suppose?—Yes.

1906. And a liability under the Employers' Liability Act, but seemingly no liability under the Workmen's Compensation Act of 1897 in the way in which you put it?—I am speaking now of one type of Sheffield manufacturer. We have the great steel workers and great engineers, and so on.

1907. I am speaking of the small ones?—The small men I am talking of have not been insured, or ever been thought of as persons bringing any responsibility on the firms.

1908. It is necessary now to insure them under the new Act; that is quite clear?—Not the outworkers.

1909. In cases where there is an employer and an employed in the tenement?—I understand so.

1910. Each sub-contractor will be responsible for his individual employees?—That is quite correct. But Sheffield tenement conditions have such a knack of being at variance with the ordinary factory law that I think one should proceed very warily before introducing fresh conditions. They have many different conditions. First of all, the employer, who has nothing to do with the place, may pay the rent. When that is done all the persons in the room are regarded as being subject to compensation from the person who pays the rent. But in nine cases out of ten the rent is paid by the operative cutler, under agreement with the person who supplies the work, so that we do not know exactly where we are. Take the ordinary occupier of a grindery or cutler's shop. You may have four or five persons working there. The head of the particular place, that is the principal operative occupier, may work for six or eight or ten cutlery masters elesewhere, and be insured by two or three of them on the irregular system spoken of. And further a similar class of outworking cutler has been represented as a workman, although an occupier on his own account, and has received compensation whilst his own workpeople remained uninsured.

1911. As far as I understand you, the large employer endeavours to insure those who work for him?—Everybody to whom he pays wages, or what I call commission for certain work done for him.

1912. You were talking of 4,000 to 6,000, or perhaps more, of the small class of employer?—4,000 to 6,000 employees, including employers.

1913. Each of whom employs perhaps one hand in a small tenement factory that he rents?—Each small occupier may employ one or more.

1914. That man in the future will be responsible for the man he employs?—He knows he is responsible for him, but he ignores it altogether.

1915. The people who have worked for him on commission in the past would work for him knowing that there is no chance of getting compensation in case of accident?—Yes.

1916. Now in the future, when they know they are entitled to receive compensation, will they be equally content?—I think it is very likely that they will for a long long time.

1917. Until they find out that they are entitled to receive compensation?—Yes.

1918. And then they will not be content. If they proceed against a man there is nothing to obtain?—There is nothing to obtain.

1919. That is rather defeating, is it not, the intention of Parliament?—Yes, it is.

1920. The design of the Act is that everyone should receive compensation if he meets with an accident in the course of his employment?—Yes.

1921. Have you not found that special arrangements are necessary to meet the difficulty?—I will answer that by speaking of another Act. I have been in Sheffield for the last 14 years attempting to carry out the Factory Acts, and just the same queries stop effective remedial methods under the Factory Acts.

1922. You have been endeavouring to enforce the Factory Acts and found difficulty?—Yes.

1923. It is very hard where you get the small employer?—The small employer is indifferent about everything.

1924. He is more difficult to deal with than the large employer?—Yes.

1925. You think that he will remain indifferent?—Quite likely he will until we have a few more missionaries in Sheffield to enlighten this class a little bit, especially on matters concerning health.

1926. Who is the more effective, the factory inspector or the missionary?—When it comes to the Sheffield tenement factory, I am sorry to say that the factory inspector finds himself almost powerless to enforce the law.

1927. You think it desirable that these men should insure if some scheme could be devised?—Undoubtedly it is desirable, and undoubtedly it is desirable that they should be amenable to the factory laws, but in large measure they are not.

1928. If some simple means could be devised by which an employer could take out a policy for the week or for the month that he employed his hand, it would be advisable, you think?—It ought to be done, if such a thing is possible.

1929. I must not touch upon compulsory insurance, but your mind inclines in that way?—I do not see how you can do it without. I am thinking, of course, of the type of men that I have in my mind's eye in speaking to you.

1930. You think that there must be some form of compulsory insurance?—Yes.

1931. You say that there are certainly many to whom the cost of insurance at once precludes the insuring of their employees? Can you give us an idea of what is the cost of insuring these small people?—Referring simply to the cutlery trades, the price that is being paid by large manufacturers is from half-a-crown up to 4*s*. 6*d*., which will be an outside figure. The heavier trades pay higher.

1932. Is that per head or per 100*l*. per week of wages?—Per 100*l*. of wages.

1933. What is the minimum sum for which a company will insure? Is there a minimum?—I do not think there is any sum stated with regard to that.

1934. Some insurance companies, I believe, will not accept a policy under 10*s*. or something of that kind?—In that case you insure for 400*l*., and you would never get a small manufacturer of the type I am referring to who would be prepared to put down 10*s*. because he even has to borrow the money and pay in instalments to pay for the stone which he uses on which to grind his instruments.

1935. They are, generally, a rather impecunious class?—Yes. They are generally a little behind for rent or for tools.

1936. You think that there are plenty of facilities for insurance?—Yes I do.

1937. The agents are active?—Very active.

1938. You would like to see some opportunity given to the class of men of whom you have been speaking to take out a policy at a cheap rate that would cover the risk?—I should like to see such a thing devised, but having regard to the type of men, from their trade and from the insecurity all round, from the fact that they are in arrears for their rent and likewise for their tools and grindstones, I do not see how you could devise

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such a scheme as would make these men treat it in a sensible fashion.

1939. You certainly draw a picture of desolation. It does not seem to be a thriving trade at present in Sheffield?—The cutlery trade has been on the down-grade for a long time.

1940. Is that because of the severity of foreign competition?—I think so, and for other stronger reasons, but I shall be getting on to a fiscal question that I do not want to discuss at the moment.

1941. (*Mr. Turpin.*) In general terms, you are of opinion that as long as these employers in Sheffield have nothing to lose, nothing whatever will induce them to part with money for insurance purposes?—It is simply a matter of indifference to them. If they had to pay for insurance you simply would not get them to do it without a certain amount of compulsion. They simply will not consider their workpeople. That is the long and short of it; I cannot explain it better. They have not the money, first, to begin with. They work for a day or two for some one and then for another employer. Although that is not frequently apparent, still it is so.

1942. (*Mr. Kirkwood.*) You do not think that the Post Office, even if they introduced some scheme by which the employer could pay by small weekly instalments instead of paying in a lump sum for his insurance, would be likely to obtain a considerable amount of business amongst the small employers?—The business would not pay for seeking after so far as the Sheffield tenement workers are concerned.

1943. But, supposing that these men realise that they ought to insure—supposing that an accident happens, and it is brought home forcibly to the notice of some of these small employers—do you think that they would take advantage of any scheme like that? Probably the first year's premium would have to be paid in full, and then they might be allowed to pay a small amount weekly at the Post Office to cover the next year's liability. Do you think that they would be likely to do that?—I do not think they would voluntarily.

1944. You think that there is no scheme that one could suggest that would be likely to induce these people to insure?—Not the Sheffield cutlery grinder—I think not.

1945. (*Mr. Davies.*) Have you any experience outside Sheffield of the small employer?—No; not nearly to the same extent. I have worked outside Sheffield, but the question was not to the fore at the time that I was away from Sheffield.

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1946. Would you be inclined to say that the Sheffield conditions were absolutely unique?—They are certainly unique, and the type of workman is unique, too.

1947. (*Mr. Denman.*) Have you tried to persuade these small employers to insure? Have you argued with them about it?—No. I have not time.

1948. So that you have not their own opinion. You have not talked to them about it?—Not particularly—not specially. I know that they would not listen to me for five minutes. I could probably induce a few to be insured; but taking the majority of the worst type, no amount of talking from a factory inspector would affect them one little bit.

1949. Then your evidence is the result of conversations with insurance agents or from your knowledge of the class?—It is from my knowledge of the class.

1950. Although you have not discussed the particular subject with them?—No, not that one, but I have discussed health questions and self-preservation with them with regard to their own health. They are perfectly indifferent to that. A man who will sit down on the top of a cracked stone going at a speed of something like 5,000 ft. per minute is not the man to go into very very strong questions as to profit and loss in the matter of the insurance of this employees.

1951. In the case of these small tenement factories, are the employees taken on for very short times and is the labour casual?—The labour is casual, and yet in a rough kind of way a workman who has not a side for himself—that is a portion of a factory on his own account for which he pays rent—will say, "I work for So-and-so." He may have worked for the man for nine or twelve months. They flit from one to another just as the occasion offers.

1952. So they are probably employed pretty regularly in any twelve months upon the cutlery work, but not with the same employer?—That is scarcely the way to express it. You see the work may come in spasms. In that case certain persons will go back again to a certain employer's tenement for just that portion of the time that the spasm may last. I do not wish to imply that it is really casual labour. They seem somehow to just move round in one little groove and know where they belong to, but their employment in some of the instances when trade is very bad is very very intermittent indeed with one occupier.

The witness withdrew.

Mr. W. SYDNEY SMITH, called and examined.*

Mr. W. S. Smith.

1953. (*Chairman.*) You are, I think, Inspector of Factories at Derby under the Home Office?—Yes.

1954. Have you during the last few days visited a number of occupiers of small factories in the district of Derby, Chesterfield, Buxton, Ashbourne, Ilkeston, and Long Eaton?—I have.

1955-6. And made inquiries as to the insurance of their employees against their liability under the Compensation Act?—Yes, I have.

1957. Would you just state whether "Compensation Act" means the last Act?—My inquiries were directed to the Act of 1897, but incidentally in the course of conversation the present Act, the 1906 Act, cropped up.

1958. Speaking generally from your own experience, would you say that the great majority of occupiers of factories have been in the habit of insuring against accidents, and that it would only be in the case of factories employing less than 20 persons that you would expect to find occupiers who have not taken the precaution to insure against their liabilities under the Compensation Acts?—Yes, that is so.

1959. Would you estimate that from 20 to 25 per cent. of such occupiers, *i.e.*, those employing less than 20 persons in their factories, are not insured, and that the bulk of these would be found in factories employing less than five or six persons?—Yes. I have made further inquiries since my report was sent in, and upon those inquiries confirm the estimate that I then made.

1960. You would say that in the wood-working trades, such as joiners, builders, saw-mills, and firewood cutters, in which circular saws are commonly in use, all occupiers would be found on inquiry to be insured?—I might make a reservation there. Some of the very small occupiers, I think, are not insured. I have come across a few.

1961. You would say that there is a very small percentage that is not insured?—A very small percentage.

1962. Would the fact that so many joiners are engaged in building operations, which is admittedly an industry in which accidents are frequently liable, be an additional factor in influencing occupiers to insure?—Yes.

1963. Would you kindly, for our benefit, state what is the definition of "occupier" that you would give to us?—The definition in the Factory and Workshop Act.

1964. Does the word "occupier" occur in the Act, or do you mean just the employer?—I mean the employer.

1965. I was not quite clear what you meant, that is all. Would you say that the great majority of factory employers engaged in a small way in the metal trades would also be found to be insured?—Yes, I have found that so far as Derbyshire is concerned.

* *See also* Appendix VI.

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Mr. W. S. Smith.

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1966. Would you say that small occupiers of factories in which there is very little machinery or none at all, as in the case of fustian cutting works, earthenware works, cigarette factories, letterpress printing works and bookbinding works, would be found uninsured in the majority of cases?—Yes.

1967. With respect to workshops, have you frequently noted that it has been the practice of joiners, wheelwrights, smiths, coachbuilders, and small machinists to insure their employees against accidents, although such workplaces are not under the Workmen's Compensation Act of 1897?—Yes. I have had repeated instances of that brought to my notice.

1968. Have you never come across any cases of dressmakers, tailors, or similar trades insuring their employees against accidents in workshops?—No, I have not up to the present time.

1969. Have your inquiries during the last few days been solely devoted to occupiers of factories?—Yes.

1970. When you say that, are you speaking of factories as technically distinct from workshops?—Yes. A workshop, roughly speaking, is a place where there is no machinery, and a factory is a place where there is machinery.

1971. When you estimate that from 20 to 25 per cent. of small employers have not insured under the existing Act, have you any figure in your mind as to what percentage will remain uninsured under last year's Act?—I have not considered the point, but as far as I can say I should say about the same numbers. I do not find that people who are not insured are thinking of insuring under the new Act.

1972. You are now alluding only to those classes that you come in contact with?—Yes.

1973. And not to domestic servants?—Not to domestic servants.

1974. Therefore, with regard to small employers who are trading, you think that probably the figure will remain about the same?—I think so.

1975. You say that the majority of factory occupiers engaged in a small way in the metal trades would also be found to be insured. Have you any tenement working such as Mr. Dodgson has described to us? You must have in Chesterfield, certainly?—I have a little in Dronfield. I do not think there is any at Chesterfield.

1976. You think not?—No.

1977. With regard to those in your district, do you find that they insure?—I visited three such places where the trades are similar to those of Sheffield, and in all of them I found the people were insured. At the smallest factory two workpeople were employed, and the employer had been insured for a little over a year. The others had been insured ever since the old Act came into force, some seven or eight years, and the impression that all three occupiers gave me was that if I visited all the edge-tool makers in Dronfield I should find that they were all insured.

1978. How near to the boundary of Sheffield does your district go?—It touches the borough of Sheffield.

1979. How far does it go?—It goes as far as Dore.

1980. I presume that there precisely the same tenement factories are found as in Sheffield?—No, I have not any in Derbyshire.

1981. You mention dressmakers, tailors, and similar trades as not being insured. I presume that they would be more or less under the same category as domestic servants—people who have not thought of insuring at all?—They have not thought of insuring at all. They were not required to do so under the old Act, and as far as I can learn they are not thinking of it under the new Act.

1982. The dressmaker is going to take the risk with regard to her assistants?—She is going to take the risk.

1983. Have you any definite answers to give us on that point?—I was in Glossop last Saturday, and I was in Newmills last Friday, and I inquired of several dressmakers and milliners. The impression I got there was that there was no risk. That was the expression that was used in both towns on several occasions. What risk there was they said they would take.

1934. Tailors you have not had much to do with hitherto, I suppose?—We have something to do with all of these.

1985. You mean to say that officially you have had nothing to do with them because they are not under the Factory Act?—They are under the Workshop Act. I have had repeated experience with tailors, but I have never found cases where they have insured under the old Act; the risk they say is so slight.

1986. Do you in the case of those occupiers with whom you have conversed as to their failure to insure find that any have been ignorant of their liabilities or indifferent to the prospect of bankruptcy?—No, not in any single case.

1987. Do you think that recklessness or want of foresight or want of facilities for insurance can be considered as causes for failure to insure in the districts you are speaking of?—Not as regards Derbyshire.

1988. Have several urged to you the excessive cost of insurance, whilst others appeared to be chary of insurance companies, and several complained that the cost was excessive when the occupiers or members of their own family were engaged in the industry?—Yes.

1989. Did they inform you that they had been asked treble premiums in such cases?—Yes.

1989*a*. Did you make inquiries at 54 factories, and in 18 of these find that the employees were not insured?—Yes.

1990. All who were not insured would welcome a scheme of Government insurance?—Yes.

1991. You have not found any employers in your district indifferent to the prospect of bankruptcy?—No.

1992. Not even with regard to tenements?—The only tenement factories, I think, are in the lace trade. I have not any tenement factories at Dronfield. They are engaged in the same trades as the Sheffield trades, but they are not tenements; they are small independent factories.

1993. The case that was mentioned by the last witness of absolutely reckless small employers does not exist to any extent in your district?—No, not as far as I know. I have never come across any instances.

1994. You certainly have not found that the prospect of bankruptcy is not a deterrent. You find that people are alarmed at the idea of bankruptcy?—Yes, they are. I have found in most cases where people are not insured that they have considered the point, and have come to the conclusion that there is no particular risk in their business.

1995. You say that they have urged the excessive cost of insurance. Have you formed any opinion as to whether insurance costs are excessive?—I can give three instances.

1996. You have come across three instances in which you have heard that the premiums charged seemed unfair in relation to the danger of the occupation?—Yes, in the cases of a bookbinder, a printer, and a joiner.

1997. Would you give particulars of these cases?—The joiner paid 7*s*. 6*d*. per 100*l*. of wages. I have another case in Glossop that was given to me of a wheelwright and smith with electro-motor and circular band saw and other machinery. He was quoted 7*s*. 6*d*. per 100*l*. of wages. The printer paid 20*s*. per 100*l*.

1998. The other is that of a bookbinder in Derby?—Yes. He paid 25*s*. per 100*l*. of wages.

1999. (*Mr. Cochrane.*) Was he employing machinery?—No, he had absolutely no machinery. It was a factory, because all bookbinding places are factories.

2000. (*Chairman.*) Is that the last case?—Yes, my Lord.

2001. Then you say that others appear to be chary of insurance companies. Would you explain the meaning of that a little more to us. What are they frightened of?—They are frightened that they may be "had."

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2002. Not that the insurance companies may go bankrupt?—One or two have said that they were not sure of the insurance companies, as they had not the means of knowing whether the insurance companies were sound or not.

2003. Those, I presume, would think that the State was sound?—Yes.

2004. That is the reason why you put the word "chary" in?—Yes.

2005. With regard to treble premiums in the cases of relatives employed, do you think that that ratio is too high to be reasonable?—Yes, it seems to me that it is too high. I do not see where the extra risk comes in for charging treble premiums.

2006. Out of 54 factories, you found 18 in which the employees were not insured?—Yes.

2007. Does that quite tally with what you say first?—You say 20 per cent. in the first case, but 18 out of 54 is rather more?—That is 30 per cent.

2008. Were they chance visits?—Yes, just chance. These factory visits were not selected factories at all; they were taken haphazard.

2009. Therefore you do not think that 18 out of 54 are necessarily as good figures?—I should have expected to have found less.

2010. Why do you say in this particular case that all who are not insured would welcome a scheme. Was that from questioning?—That was from questioning in every case.

2011. When you say a scheme do you mean that they would welcome a scheme that gave them lower rates?—Perhaps, I might say that they thought a Government scheme would be cheaper than an ordinary scheme from an insurance company, but I do not think that the cost would be taken into account very very much by these people who are not insured.

2012. It was the security more than anything else?—It was the security more than anything else.

2013. Not so much the cheapness?—Not so much the cheapness. I do not think they would wish to pay more for a Government scheme of insurance than for a scheme of insurance by an insurance company.

2014. That is to say, if the insurance companies put their rates down lower than the Government, these people, if they wanted to insure, would insure with the insurance company?—I think a good many would.

2015. If it was the same, should you say that probably they would go to the Government?—Yes. I think so. That is the opinion I have formed.

2016. (*Mr. Cochrane.*) I have very little to ask you. You differentiate those who are willing to insure and those who are not willing to insure, I think?—Yes.

2017. That is to say, that in the more dangerous trades they appear to be more willing to insure?—I think that is because they are frightened of bankruptcy, or something of the kind. That is the incentive to make them insure in a case where there is much machinery of a hazardous nature used.

2018. The small occupiers of factories, where there is little machinery, do not insure?—They do not insure. Most people seem to have considered the question whether there was risk in their business, and if they have come to the conclusion that there is no risk, and they have had immunity from accident for a number of years, they have not insured.

2019. What would happen with the small employer of that kind if he did meet with a serious accident in his works, and he was not insured?—In many cases he would be bankrupt.

2020. Do you think that insurance is desirable for them?—Yes, I think so.

2021. And that the small risk ought to lead to a small premium?—Yes, I think so.

2022. If they could insure cheaply, do you think that they would insure?—I think that most of them in Derbyshire would. All those that I have spoken to certainly would.

2023. And for the same reason, these people, where there is very small risk, do not insure. I see, with regard to many instances that you have given us of people who do not insure, several complained that the cost was excessive where the occupiers or members of their own families were engaged in the industry?—Yes.

2024. Under the Workmen's Compensation Act it is not necessary to pay compensation to members of their own family?—That I do not know. I have not read the Workmen's Compensation Act.

2025. The definition of "workman" does not include, amongst others, a member of the employer's family dwelling in his house. Perhaps it is not necessary to insure those for the purposes of the Act?—In one of the cases I visited I was told that the employer was paying treble rates for some workers. That was an aerated water factory in which there were three sons, all married, living away from home. I suppose they would be workmen under the Act. They dropped the treble rates; they could not afford them, because the trade was not big enough.

2026. That will be one of those difficult questions of interpretation that will lead to the prosperity of the legal element of society, I suppose?—Possibly.

2027. There are many cases where they employ their own families?—Yes, in small factories.

2028. Why do they find a difficulty in insuring their own family? Where a man's sons are married and living away, and they come in the ordinary course and work as workmen, why should it cost more to insure them than to insure an outsider?—That I do not know; it was quite news to me in the course of my inquiries. I had no idea that higher rates were charged in such cases.

2029. Is it from fear of collusion, do you think?—I have not thought about it at all.

2030. It must be?—I have not considered the point. It was simply stated to me as a fact. I did not know that it was the case, but I have met with seven or eight instances in which complaints were made. In every case the treble rates seemed to be charged.

2031. There is one case here of a sausage maker who cut his finger nearly off and sent in a claim, but never received a reply or acknowledgment from the insurance company. Are there many instances in which the insurance companies treat those who are insured with them in that manner?—That is the only case I have come across, but this man told me that he had two friends who had been treated in the same way.

2032. Was he an illiterate man?—No.

2033. Could he not pursue the matter?—He considered that it was hardly worth while troubling. He had not any money to waste in urging a claim.

2034. Did you gather from him what steps he took?—He cut his own finger badly in the slaughter-house in making sausages. He was cutting up the meat. He cut his finger nearly off. He said he was personally insured against accidents, and he wrote to the agent with regard to a claim and got no reply. He wrote a second time, and still got no reply, and he took no further action. He said he went on with his work as well as he could.

2035. He was rather easily discouraged, was he not?—I suppose he was. He said he knew two persons who were treated in the same way who got nothing at all. They were two of his friends. He went on to make the remark that "the insurance companies had too much money at their backs—that it was all right if you had plenty of money to go for them, but if you had no money you had better leave it alone."

2036. Generally, his impression was that he would get greater justice or more easily obtain compensation if he were dealing with a Government department?—That is what he said. He said that at the present time he prefers to take his own risk under the present conditions, and he would welcome a cheap and safe scheme of Government insurance. Those are the words that I took down.

2037. (*Mr. Hewby.*) With reference to the cases which you mentioned of excessive premium, do you think the explanation of it could possibly be that the benefits conferred under the policies were greater in the cases where the premium was high?—No, I do not think so. I think that the benefits would be just the same.

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Mr. W. S. Smith.
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2038. Just the same?—Just the same as far as I could ascertain, I think in the one case, perhaps, the man was a better bargainer than in the other. That is the conclusion I came to.

2039. (*Mr. Kirkwood.*) Do you know whether the agents of the insurance companies in your district of Derbyshire are fairly active?—I do not know anything of the insurance agents. I have only had slight dealings with one in the two years I have been there.

2040. On what facts do you base your statement that there is no want of facilities for insurance—you say that there is no want of facilities?—The people that I have seen and spoken to say that they are pestered to death with insurance agents in Derbyshire. There are plenty of agents going round the country soliciting business for their companies.

2041. It is really only that people do not know which are the best insurance companies to select?—Yes, to a large extent, in the case of small occupiers.

2042. If they knew that certain insurance companies were undoubtedly solvent, and gave fair terms, they would be much more likely to insure than they are at present, would they not?—Yes.

2043. The only reason why they would welcome a scheme of Government insurance would be on account of the greater security which it would afford, and also because they think that they would probably be able to get their claims paid more readily?—Yes, that has been mentioned on several occasions—that the claims would be paid promptly.

2044. I suppose that in order to compete with insurance companies it would be necessary for the Government, if they undertook this insurance, to canvas for it?—Yes, I think it would be necessary to do that.

2045. They would not get a sufficient amount of business if they simply undertook the business at the various Post Offices and did not send out canvassers?—I think it would be advisable to send out canvassers if they were to take it up.

2046. (*Mr. Davies.*) Your general impression is that these people would welcome a complete scheme of Government insurance?—Yes, it would have to be cheap. It would have to be cheaper than the insurance companies.

2047. It would have to be distinctly cheaper than the insurance companies?—No, not distinctly cheaper; but cheaper.

2048. Do you think that if the Government offered them a scheme of insurance simply against the more serious risks, say for accidents lasting for more than four weeks, or total disablement, or death, a cheap policy limited in that way would be popular, or would they want to be covered altogether if they insured at all?—I think that a policy in that form would be popular. Generally, the accidents in small places are very slight.

2049. And they would take the risk of those themselves?—Yes, possibly.

2050. But a cheap policy limited to the serious risks you think would find takers?—Yes, I think so.

2051. (*Mr. Denman.*) The evidence which you received of the unsatisfactory treatment of claims related largely to personal accident policies?—Yes, to personal accidents.

2052. There are obvious differences between personal accident insurance and workmen's compensation insurance?—Yes, that is so.

2053. Had you any evidence of unsatisfactory treatment of workmen's compensation claims?—No. I had no evidence at all, as far as I can remember, on that.

2054. Do you think that people omitted to insure with companies against workmen's compensation risks because they feared they would not be treated properly?—Yes, a number told me that.

2055. That is to say, that they expected their experience in the case of accident policies would be repeated in workmen's compensation?—Yes, they did. That was the impression which I gathered.

2056. They probably neglected the consideration that the workmen have an interest in forcing the claim upon them, and they would therefore have extra pressure to bring upon the company?—Very probably, I think.

2057. You collected a certain amount of evidence that showed that the smaller the risk the less attraction there was in insurance?—Yes.

2058. And even the luxury of a cheap post office policy would not persuade a small draper that there was a serious risk?—I do not know anything about drapers or dressmakers. I have not made any inquiries at all with respect to those trades.

2059. Take the small employer in a small factory?—The small factory occupier argues in this way: "Now, "is there much risk in my business?—If there is much "risk, I must insure. If there is not much risk, I will "take it on my own shoulders, but if I can get a cheap "and safe form of insurance under the State, then I "will take out a policy at once." That is the line of argument in every case that has been brought before me.

2060. Do you think that there is serious doubt as to the financial stability of the companies?—I should say that the first-class companies are all right; there is no doubt about them, but I have heard the names of some companies quoted that I should say are very small people. I did not know before that they existed.

2061. Your sausage-maker objected to the companies on the ground that they had too much money at their backs?—Yes. And he was not the only one either that objected.

2062. They are rather difficult to satisfy. If a company is solvent it is too wealthy, and if it is insolvent they are afraid of it?—Apparently so.

2063. The State would not strike them as either too wealthy or too insolvent, probably. All these people have been vigorously canvassed by agents, you think?—Yes, they have.

2064. And they still decline to insure on the grounds that you have mentioned?—In many cases it is too expensive, and they cannot afford it. In others they are prepared to take their own risk, and in others they are frightened of the insurance companies.

2065. (*Chairman.*) There is one question I should like to ask about on an instance that I had not noticed. You state, "A firm of stone surveyors were insured, but "ceased when they found that the two working partners "were not covered by the insurance policy, although "they had been paying premiums for several years "based on the inclusion of their own wages." That seems to be rather contradictory in terms. Could you give any details of that case?—The notes that I took at the time were that they are both working masons, and they employ two or three people. Sometimes only one man is employed. They said they had never had any accidents in the 14 years that they had been in business together, and they insured from the time that the old Act came into operation up to two years ago. They understood that the policy covered themselves as well as the men. I suppose they had never read the terms of the policy. They paid at the rate of 10*s.* per 100*l.* wages, and then they found out that they were paying on an amount which included their own wages, and they had been paying on that amount for five or six years. They pointed it out to the agent, and the agent said that was so, and that they would get nothing themselves if they got hurt, and so they dropped it. They thought that the insurance company were having them. Those are the words which they used. They had had rather an unfortunate experience because when the Act first came out they insured with a company, and the company went into liquidation within three months.

2066. That is another point I was going to ask you about. As regards the first point they did not tell you whether the agent offered to take the insurance without including their own money. It seems an astonishing case that they should have to pay on their own wages, although they got no benefit from it?—Yes; they were disgusted with the company.

2067. It seems to me an extraordinary thing for any company to have done. That is the feeling I have about it?—Yes, that was the feeling that I had. I did not ask for the name of the company. They said, "We have been bitten once and we have been bitten twice, and we have had quite enough of it."

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2068. You have not the actual company?—No.

2069. You have only their statement?—Only their statement, which I took down at the time.

2070. The next is a very interesting point. Do you know the name of the company that went into liquidation?—No, I did not even ask that.

2071. Do you find that the companies are very active at the present moment?—Yes. The agents are busy canvassing.

2072. Are they all on the ring rates, or are there many outside the tariff?—That I could not say.

2073. You do not know?—No; that is not a subject that I inquired very closely into.

The witness withdrew.

Mr. W. B. LAUDER, called and examined.

Mr. W. B. Lauder.

2074. (*Chairman.*) You are Inspector of Factories at Aberdeen under the Home Office?—I am.

2075. Will you be so good as to give us your experience as to the extent to which small employers are insured against their liabilities under the Workmen's Compensation Acts?—Yes. This subject has always had considerable interest for me, and I have on countless occasions, when impressing on employers the great need of erecting secure fencing at machinery, pressed home my argument by pointing out their liabilities under the Compensation Act.

Whilst attached to Glasgow district, I certainly visited every town and village in the whole area, and almost every works there. Afterwards, as peripatetic inspector, I visited over the country in Edinburgh and Dundee districts; and now, as district inspector at Aberdeen, I have visited over most of the country here. I mention these points because I have been particularly struck by the attitude shown by small employers in different parts of Scotland towards the question of insurance.

In Glasgow and the West of Scotland I consider that about 95 per cent. of the small occupiers are insured against their liabilities under the old Compensation Act, and this percentage also holds good for the manufacturing centres in Edinburgh and Dundee districts. Knowing these districts as I do, and looking to the greater scope of the 1906 Compensation Act, I should place the percentage of small employers who would insure under the new conditions in those districts at about 90 per cent.

In the North of Scotland there is a considerable difference, however, and I certainly do not think more than 75 per cent. of small employers are at present insured under the old Act, and under the new Act the percentage would be lower still, probably about 70 per cent.

The difference in these figures is, in my opinion, in the greatest extent, due to small occupiers in outlying districts being ignorant of their liabilities, and, in a lesser extent, to the want of facilities for insurance, whilst in many cases the fact that many years have passed without accident makes the employer "think twice about paying something for nothing," as I have heard it expressed several times.

In the neighbourhood of manufacturing towns, agents for various insurance companies call on employers and explain matters, but in country districts and especially in the North here, I suppose the expenses of travelling over widely scattered areas are serious items for the insurance companies. Many bank agents in the North of Scotland are agents for insurance companies, but, as can be readily understood, these gentlemen do not press business on employers in the same persistent manner as the regular agents.

It is well worth mentioning here that a large insurance company with head office in Aberdeen has recently taken up accident work, and this will help matters to a great extent in the North.

Small working employers do not care to wade through a mass of correspondence, nor would they understand it; a personal explanation of matters of this nature is to them much more convincing. At any rate, it is the case that over and over again I have been asked to explain to an occupier how the Workmen's Compensation Act affected them. Of course this is apart altogether from the duties of an inspector, and takes up a considerable amount of time, but the trouble taken is amply repaid by an increased desire on the part of the employer to erect better fencing at machinery.

In Aberdeen district there are 1,600 factories and 3,637 workshops, and of these, 1,200 factories and 3,000 workshops may be classed as small employers. Thus under the new conditions 4,200 small employers have to be reckoned with in this district alone, and many of these are widely scattered over outlying country districts.

I believe that if small employers were made more fully aware of their liabilities under the Compensation Act, 1906, and if greater facilities were given for these employers to effect insurance personally instead of by correspondence, that much good might be done. This will, however, never remedy matters entirely, and, if I may be allowed to express my opinion, I should say that nothing short of a system of compulsory insurance would be of any use in the case of these small employers.

A system of Post Office insurance alone will not effect any improvement in the state of matters I have described, as employers in country districts must have these matters thrust upon them, as it were, and, short of actual compulsion, I know of no better mode of persuasion than that adopted by the ordinary insurance agent. To be of any use at all, the same policy would require to be adopted by a Post Office Insurance Department.

The result of neglecting to insure under the Compensation Act may bear very hardly upon the small employer as well as on the workman.

One case came under my notice recently, where a cabinet maker employing in his busy season about six persons in all, neglected to insure. A workman in his employ met with an accident at a circular saw, losing part of two fingers of his left hand. The employer was quite unable to pay compensation, and had a certain sum been demanded or awarded by decision in Court, the employer would have become bankrupt. A final settlement was arranged whereby the employer agreed to find work for the injured person for *life*, so long as he himself continued in business, and further to pay the full rate of wages. Now this employer finds that during the slack season one boy would be sufficient to assist him, yet he is hampered financially for all time with the injured workman's weekly wage, and this, notwithstanding the fact that the workman is quite capable of earning the same wages as before. This is a special case, but there must be many of such cases.

Again, as showing the importance of personal calls and explanations regarding a small employer's responsibilities in case of a worker meeting with an accident, I need only emphasize the fact that many of the small working employers are illiterate, and therefore keep putting the matter off from day to day. Many employers, although quite willing to insure, would in cases like this still remain uninsured, simply because they were unable to write and inquire about the necessary particulars, or from a natural dislike to fill in numerous questions and papers in connection with insurance. An agent for an insurance company would of course give all the necessary help and explanations in filling in the required particulars. Therefore, I say that to be of any use in outlying districts canvassing is *absolutely necessary*.

If I may be permitted to touch on the matter of life insurance under the Post Office, I should like to point out that in the North here, even in fairly large towns, the fact that life insurance can be effected with the Post Office is entirely unknown, and I am perfectly certain that in the country districts the Post Office officials are not themselves aware of all the particulars

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Mr. W. B. Lauder.

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regarding the scheme or that commission is allowed to the official effecting the insurance.

2076. You say that in the Glasgow district you visited nearly every town and village, and almost every works there?—That is so.

2077. Can you give us any notion of the number of those?—Close on 11,000.

2078. That is factories and workshops?—Factories and workshops. That is the total in the Glasgow district.

2079. But I presume that the extra trades, if one may so call them, brought in under the 1906 Act will add considerably to the number?—Yes, it will. I should think it would almost double it.

2080. And those nobody has any definite knowledge of as regards risks yet, I suppose?—No, I think not.

2081. Then you think that the percentage of employers insured will be as much as 90 per cent. under the new conditions?—In the Glasgow district.

2082. That is with regard to what we may call trades and not domestic employment?—No—only where persons are employed in trade and manufacture.

2083. You say that small occupiers in outlying districts are ignorant of their liabilities, which accounts for the difference in the percentage of those insured?—That is so.

2084. The question I should like to ask is whether you have seen the agricultural evidence. One witness we had said he thought that there was not an outlying farmer, except in some of the Western Islands of Scotland, that did not know of insurance or had not insurance facilities. Is that your experience?—That is not my experience—far from it.

2085. Would you tell us what class of traders have no such facilities?—The Act will bring in all country smiths and joiners, tailors, shoemakers, dressmakers, milliners, and so on. I was referring to those in outlying villages and hamlets many miles from a railway station in some cases, and from a village of any size.

2086. You say that bank agents in the north, who are largely insurance agents also, do not press business on employers. One of our witnesses said that they were the best insurance agents, because when a man forgot to pay his premium they paid it for him and kept the insurance going. Is not that your experience?—That is not my experience in the North of Scotland, at any rate; most of the small employers do not have any bank account.

2087. Do you mean to say in Scotland there are employers who do not have a bank account?—Yes, many of them in the North.

2088. I suppose you do not speak of Aberdeenshire?—Yes, and part of Banffshire, also between Fraserburg and Peterhead, and round about that district.

2089. In the north-east?—In the north-east.

2090. It does not refer to farmers, I suppose?—No, I am not referring to farmers, but to employers in factories and workshops.

2091. This is a very interesting point. What sort of factories do you refer to? Do you refer to fish-curers or anything of that sort?—Very small employers with perhaps two or three hands. They lead a sort of hand-to-mouth existence.

2092. They have no capital, have they?—They have no capital.

2093. Are the wages not constant?—Wages are not constant there. In many cases the employer has told me he pays what he can afford according to the work that is done. There is no set wage in some parts.

2094. Does he employ casual labour to any extent?—To a great extent.

2095. Such casual labour as will be brought in under the Act?—Yes, regular employment as a casual labourer.

2096. You say that over and over again you have been asked to explain to an occupier; do you refer to a householder?—I mean an occupier of any factory or workshop.

2097. You refer, I presume, to last year's Act, when you speak of the Workmen's Compensation Act?—Yes.

2098. You have had occasion to explain to them how it would affect them?—Yes.

2099. Does he also ask you about insurance?—Yes.

2100. You say that he will then erect better fencing of machinery?—Yes.

2101. What answer do you give him as a rule?—I always tell him that it would be better to insure to save the risk of paying a sum of money which he cannot afford in the case of accident.

2102. You say that if greater facilities were given for these employers to effect insurance personally, instead of by correspondence, much good might be done. Have you found that the English experience is not yours in Scotland—that canvassers are not active all over the North?—They are not active in the North in the outlying districts.

2103. That is to say, such districts as you have just mentioned—Fraserburgh, and so on?—That is so.

2104. Could you tell us at all from your experience what companies are supposed to cover that. There is a very large number of insurance companies in Scotland, is there not?—They all work from Aberdeen, and most of the English companies have agencies.

2105. You say that nothing short of a system of compulsory insurance would be of any use in this case. It is not a question of Post Office facilities, but it is a question of compulsion with you?—That is so.

2106. You say that there may be a great hardship upon the small employer. There is the case of a cabinet maker. Various individual cases of hardship must arise under the Act, but I do not quite see how that bears on the question of Post Office facilities. Do you think that the cabinet-maker if he had been able to insure in the Post Office would have done so?—I think that is possible if the premium could have been paid by instalments, as the life insurance premium is.

2107. Then that is the position you take up with regard to facilities—that postage stamps or something of the sort might be used?—Exactly.

2108. You do not agree with the witness who said that he thought that everybody banked in Scotland, and that the bank would help more than anybody else to keep these insurance premiums going?—No, I certainly do not agree with that at all.

2109. For it to be of any use in outlying districts canvassing, you think, is absolutely necessary?—Yes.

2110. That is as long as there is a voluntary act and when you do not consider compulsion?—When compulsion is not considered.

2111. We have not come to the question of life insurance yet, but your evidence is that the Post Office officials themselves do not understand their own scheme. I think I will leave that to the Post Office members of the Committee to examine you upon. We are very much obliged to you for this statement. Is there anything general that you would like to say before the Committee examine you?—No, I have given most of my experience in my statement.

2112. I understand that the tendency of your evidence is to say that to make these small employers insure, some form of compulsion will be necessary?—That is my strong point about small employers—that they must be compelled to insure.

2113. And no facilities qua pure facilities will induce them to?—That is so.

2114. Do you foresee any really serious and large troubles from these uninsured small employers not being able to pay the compensation under the Act?—I do. Many employees in these small places will not get the advantage of the new Act.

2115. And the Scotch lawyers will get even more cases than they do now?—That is so.

2116. The general trend of your evidence is that compulsion will be necessary and not facilities only?—Yes, for the small employer.

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2117. (*Mr. Denman.*) Have these uninsured employers that you refer to been within the scope of the 1897 Act hitherto?—Yes, they have been under the old Act.

2118. And not many accidents have hitherto occurred?—No, not many accidents.

2119. Might I ask what sort of factory you are considering? What kind of work is performed in the small places that you refer to?—Country smiths, joiners, cartwrights, wheelwrights and that sort of thing, and a few fishcurers in outlying parts.

2120. Can you mention any case of an accident that you know of occurring to any of these?—I know of two or three accidents occurring in country meal mills. They also come under that class.

2121. Were they insured?—In one case they were not insured.

2122. What happened in those cases?—A boy was injured; he had two fingers off, but they took him back to work and promised him employment as long as he was willing to stay with them. They treated him very well. His people, who were in very poor circumstances, were quite content.

2123. Generally speaking, the small employer does not realise the liability to accident, and does not think it worth while to insure against it?—That is the case.

2124. You would therefore infer from that, that any scheme of Government insurance that was not compulsory would have to be conducted by active and expert agents who would be able to force insurance down the throats of individuals?—I think so. That is the only plan. That is the sort of persuasion adopted by the ordinary insurance canvassers, which is compulsion in a way.

2125. Do you think that a limited form of policy, insuring employers against the risk of the permanent disablement and death of their workmen, would have any attraction?—Not to small employers, because very few fatal accidents would occur with small employers, and not many accidents where the injury would cause permanent disablement.

2126. You would confirm evidence that we have had before, that the smaller the risk the less the likelihood of voluntary insurance?—That is the case. They do not seem inclined to pay away money in premium when they see no need for it, according to their view of the subject.

2127. You have succeeded in persuading people to insure?—I have not succeeded in persuading them to insure. I have recommended them to in several cases where the risk of accident, owing to the class of machinery used, was brought very prominently before me. Where, owing to the class of machinery, the danger of accident was prominent, I have recommended the employer to insure as the best way out of the difficulty, and for this reason. A number of insurance companies put a clause in their policy which says that machinery must be guarded to the satisfaction of the factory inspector. It helps us considerably, and has helped me considerably on many occasions when I have pointed that out.

2128. And they have insured as the result of your recommendation?—Yes. In some cases they have done so.

2129. Would you say that the activity of the company's agents has increased very greatly since the passing of the 1906 Act?—Yes, it has in some cases. There is one large firm in the North of Scotland which has only lately taken up accident insurance, and that will have a great deal of effect, I should think, in the Aberdeen district. That is the Northern Assurance Company, whose head office is in Aberdeen.

2130. Do you infer from that that the facilities are likely to be adequate before the 1906 Act comes into force?—No. I do not think so.

2131. You still think that there is more to be done?—Yes, I think so.

2132. But you have no practical suggestion to make as to what the Post Office might do?—The only suggestion I can make is that they establish a system on the same principles as an ordinary assurance company, and that canvassers should be sent out in country districts.

2133. What advantage would you think the Post Office would have, in those circumstances, over the ordinary company?—The Post Office have sub-offices in the country districts. If facilities were given at these country post offices for sending out men and appointing local men as agents to report to the sub-post offices, these local men would know all the employers in the district personally, and I am quite certain they would be able to effect insurance in cases where outsiders would not.

2134. Do you know of any locality in which there is a post office and in which there are no insurance agents?—I have not investigated so far as that.

2135. Did not your last answer rather imply that there was a lack of agents which the Post Office would be able to supply?—Yes, that is so. My reason for that is that a number of these places are situated in outlying parts which necessitate a considerable amount of driving and a loss of time which the ordinary insurance agent could not afford to spare. The amount of premium is not equal to the extra expense that would be brought in.

2136. Do you think that there is any class in a worse position for obtaining insurance than that of the small farmer in the North of Scotland?—Yes. Many of these small employers have not the same facilities as a farmer. The farmer visits the market town, and in many cases meet with persons who know about insurance. In cases where, for example, a farmer employs a threshing machine in the autumn, the engineer who sends that threshing machine knows all about insurance. He is probably a large employer of labour, and he will explain to the farmer the need for it.

2137. But the small employer does not come across insurance at all?—He does not bother about it, and no one bothers him about it. That is my experience.

2138. (*Mr. Davies.*) Taking first workmen's compensation insurance, so far as that is concerned there is nothing in the attitude of the small employers in Scotland which would be affected by the opportunity of insuring at the Post Office?—Nothing at all.

2139. Nothing in the least?—Nothing at all.

2140. You consider that vigorous canvassing will be necessary to rouse them at all?—I do.

2141. If the Post Office undertook compensation insurance, and did not press it any more vigorously than it presses life insurance, you would not expect it to do any more business?—There would be the same failure. It would do no business at all.

2142. You say as regards life insurance in the country districts, that the Post Office officials are not themselves aware of two things. First of all, of all the particulars regarding the scheme. By that I suppose you do not mean more, do you, than that the man would have to look up his book of instructions?—I do mean that. I mean that he could not offhand give the particulars without looking them up.

2143. What class of post office have you in your mind; is it the small country post office?—Life insurances are only effected at money order offices.

2144. There are very small money order offices?—Yes.

2145. Are you including villages?—I am including villages.

2146. And small towns? — And small towns. I think I am correct in saying that even in larger towns the Post Office officials do not know about it.

2147. Could you give us any data for this impression?—I do not think that that would be fair.

2148. Is it more than a general impression?—I do not think it would be fair, because that would be putting a stigma on certain post offices.

2149. Would you be prepared to name post offices?—A postmaster himself, in a very large town, informed me that half the officials under him did not know the full particulars.

2150. Then you say that the Post Office officials also are not aware that commission is allowed to the official effecting the insurance?—Yes.

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Mr. W. B. Lauder.

15 April 1907.

2151. Did you learn that from the same postmaster?—No. I have been making inquiries in several instances since I knew of the system of life insurance.

2152. The Post Office life insurance business is an adjunct of the Post Office Savings Bank business, and the Post Office Savings Bank business is at rather a low ebb in Scotland; they prefer to go to their own trustee savings banks, which are very strong?—Yes.

2153. It may be that the life insurance scheme suffers from the indifference that applies to the Savings Bank business?—I think there is something in that. There is a reference, if I am not mistaken, on the back of the Post Office Savings Bank book to life insurance.

2154. Yes, it is mainly advertised in the Savings Bank literature and the Scotch have not much to do with the Savings Bank?—There is a reason for it. They do not care for the amount of official papers which they are required to fill in in connection with the Post Office Savings Bank.

2155. If your statement here were forwarded to the Secretary of the Post Office for Scotland, could you give him the names of people in Scotland that you refer to?—I think I could.

2156. (*Chairman.*) Have you come across any insurance agents who do not quite understand all their business?—No. I cannot say that I have. I have met several insurance agents and they seem full of their business. In fact, if you start the subject of insurance with them you cannot get them to stop. They will talk until they have convinced you, and it is for that reason I say that the Post Office would have to adopt the same principles.

2157. Have you ever asked them whether their experience covered all Great Britain. Questions have been raised in the papers as to whether Scotch insurance will really cover in all cases commercial travellers, for instance, going to England, owing to the different laws in the two countries?—Some of them do.

2158. Some do?—Yes. I do not know about all.

2159. Some do not?—Some do not.

2160. (*Mr. Kirkwood.*) Do I understand that the want of facilities for insurance is only in the remote districts?—That is so.

2161. If the Post Office tried to supply that want they would have to do so at very considerable expenditure for canvassing?—That is so.

2162. In fact they would have to undertake business which the insurance companies do not find it pays to undertake themselves?—That is the case.

2163. Can you suggest any way in which they could do that business cheaply?—Yes, if they gave facilities for the country postman to canvass. He has long distances to travel in many instances, and he knows all the people personally and is friendly with them. He could do business in a great many cases quite easily without further expense.

2164. Do you think that it would be likely to interfere with his ordinary work if he did that?—I do not think so. He has spare time.

2165. At the end of his journey?—Yes.

2166. But when he was on his journey it might interfere?—In those cases, of course, he could always arrange for another visit at another time.

2167. Take the case of a retired postman who was living in the district. Would he be a desirable man to employ?—He would be the very sort of man.

2168. Because he would know all the people on his route on which he had probably been working for very many years?—Exactly.

2169. You think that he would be a desirable man to employ as an agent?—I do decidedly. He would be the very class of man to do good work.

2170. So that really to admit of the Post Office doing the canvassing in an economical way, we must employ a postman who is actually in the service, or a postman who has retired from the service, and would have a pension, and who might undertake this canvassing for a small additional remuneration in his spare time?—Yes. Facilities for travelling could be given to the retired postman as in the case of the ordinary postman, where a trap is provided.

2171. The ordinary postmen might distribute the literature, and the retired postmen, if there were any in the neighbourhood, might undertake the canvassing?—Yes.

2172. (*Mr. Cochrane.*) I suppose in the instance that was suggested by Mr. Kirkwood, the retired postman, if he was suitable, as a canvasser would be availed of by the insurance companies?—Yes.

2173. They are very eager to get good canvassers?—Yes, they are; but then, on the other hand, insurance companies might not be able to give the same amount of remuneration. You see it takes away a certain amount of work. He would be able to introduce a certain amount of work which the ordinary agent would have been able to introduce. It would cut down the ordinary agent's amount of commission.

2174. You think that he might work cheaper than the ordinary agent?—He would undoubtedly.

2175. Why do you think he could work cheaper?—He is on the spot. He knows them all personally. He would soon have every employer at his fingers' ends and be able to tell whether they were insured or not.

2176. Would not the insurance company find his services available for them if they were inclined to employ him?—Yes, but as I say he would take away a certain amount of business from the ordinary insurance agent who was supposed to work that district.*

2177. It is hardly worth following up, I think?—A certain agent is appointed to cover the larger towns. This sub-agent, as it were, would touch upon a greater part of his district.

2178. It is not a matter of very great importance. Bankers are very largely insurance agents in Scotland?—Yes.

2179. Their usefulness only comes in with those who bank with them?—That is so.

2180. Bankers' and solicitors' clients as a rule insure in companies for which they are agents?—Yes.

2181. There is a very large class of small employer who would have no banking account?—Yes, small employers with two or three or four workmen who simply keep a store of money in the house.

2182. They could be overtaken by agency?—Yes.

2183. If there were facilities for getting insurance just round the corner at the Post Office some of them might avail themselves of those facilities?—Yes, but they will not inquire about them. It must be brought to the notice of the small occupier and pressed on his notice. His responsibility and the consequences of not insuring must be pressed home upon him before he is convinced that he should insure.

2184. Would it not be pressed home when a few cases of hardship arose under the new Act—one or two small men in the district being driven to bankruptcy?—Yes, but each small employer thinks that if he had the same circumstances he could avert an accident. He has never had an accident perhaps for 20 or 30 years, and says he always takes good care that he is not going to have any.

* (*Note by Witness.*) Ordinary insurance agents cover large areas, and these small local agents would of course at various points touch on areas covered by these ordinary agents, and therefore take a certain amount of commission from them. This is on the supposition that the local agents are employed by insurance companies.—W. B. L.

The witness withdrew.

Adjourned to Monday next at 11 o'clock.

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General Post Office, Monday, April 22nd, 1907.

PRESENT:

THE LORD FARRER (*Chairman*).

The Hon. T. H. COCHRANE, M.P.
H. DAVIES, Esq., I.S.O.
The Hon. R. D. DENMAN.
L. J. HEWBY, Esq.
W. G. KIRKWOOD, Esq.
W. G. TURPIN, Esq.

E. RAVEN, Esq., *Secretary.*

Mr. C. M. BROWN, examined.

Mr. C. M. Brown.
22 April 1907.

2185. (*Chairman.*) Are you secretary of the Builders' Accident Insurance?—Yes.

2186. Is that a company?—It is a mutual company.

2187. Would you tell me a little with regard to the size and operations of your company?—We have a premium income of about 20,000*l.*

2188. And a considerable membership? — Yes. Every policy holder becomes a member.

2189. I presume that you have seen the terms of reference to this Committee?—Yes. They were quoted in the letter.

2190. Showing that the question of compulsion has not been referred to this Committee, but merely the question of facilities and the question of whether the Government or the Post Office should offer those facilities. Will you tell us to what extent you find that the smaller builders have insured against their liabilities under the Act of 1897?—I find that taking the area of Greater London, and assuming that the term "small builders" would apply to those paying less than 1,000*l.* annually in wages, the proportion of this section not insured would probably be 10 per cent. I went carefully into the matter with our principal agent. He has a rather good system of keeping a list of all the builders in London that you can find in a directory, and he had some very careful notes against them. We went carefully through that, and that is the result we arrived at. Of course, it would only be approximate.

2191. Taking those whom you call small builders?—We drew the line there for the purpose of arriving at some average. We must have a line drawn in order to arrive at an average.

2192. I quite understand that. But what led you to think that the figure of 10 per cent. belonged to that section. I do not quite follow how you get at the figure of 10 per cent. as applying to that section. Is that an estimate?—We found the total number of builders in London.

2193. I understand?—Then we found out how many of these paid wages of less than 1,000*l.* a year, and took the proportion of the uninsured.

2194. By questioning?—The agents arrived at it by canvassing in trying to get them to insure.

2195. Now I understand. Your agents desired them to join your mutual society?—Yes.

2196. If they found that they were already insured, that is what guided you?—Yes—insured, or would not insure, or could not be prevailed upon to insure.

2197. They would tell you if they were insured; they would say; "We do not wish to change our insurance"?—Yes. You come across a very secretive man now and again, who will tell you nothing. But he is a rarity.

2198. You have not explained to me how you get at the particular figure?—The agent for his own sake makes a memo. of the result of his interview, stating whether a man is insured in some other office, and when his insurance runs out, so that the agent may call again, or whether he will not insure.

2199. (*Mr Denman.*) Your operations are practically confined to London?—No. I fancy the greater part of our business comes from London, but I took Greater London, because we are more intimately in touch with this business here. We could not get to Manchester, Birmingham, and Liverpool, and get reports from the agents there.

2200. Have you any experience of the case of a small builder in a country village?—Yes, we have, but not the knowledge that would be of any use to you. We insure in small villages, of course, but we do not know how many builders in that village may be insured or how many may not be.

2201. You will not be able to tell us, with regard to the country village builder, to what extent they insure against the Act and how much they are in need of facilities?—No. I could not give you information on that point.

2202. (*Chairman.*) How far are the small builders insuring under the new Act?—I believe that those who already insure will continue to do so under the new Act, and that the increased liability of employers under that Act will induce a number of those who have not done so before to insure.

2203. That applies I presume to the smaller builders quite as much as to the greater, or more so do you think?—There are very few of the larger builders who do not insure.

2204. Very few of the bigger ones?—Very few; one or two of the very eminent firms take their own risk deliberately, and keep an insurance account for it.

2205. And that they might cease to do under the new Act?—I do not know. I do not think so. I do not think there will be any more inducement to do it.

2206. Some of the very biggest builders I presume have a fund, such as the railway companies have or other big employers?—Yes, quite so.

2207. Do any of the employers join together, or would they generally join your mutual insurance society?—If they insured at all they would join ours probably; we hope so at any rate.

2208. They would not take the risk themselves?—They would generally join ours.

2209. I suppose that you have no sort of figures as to the increased liability which will occur under the new Act?—No.

2210. You have formed no estimate?—No.

2211. But perhaps I may ask you if your canvassers have found a willingness in London on the part of small builders to insure. I mean has the new Act brought its risks home to the small builders?—No, we have no experience of that yet. The commencement of the liability under the new Act, you see, is too far ahead. It does not come into operation till the 1st July.

2212. Do you think that they will only realise their risks after an accident has occurred?—There must be an increase in the premium, that is generally understood, and I do not think they will pay that increase any sooner than they are obliged to.

2213. Do you think that there is any danger of bankruptcy in the case of small builders for that reason?—No, I do not think so.

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Mr. C. M. Brown.

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2214. That is in the sphere of operations that your experience covers, London principally?—No. As the result of having to pay a premium of insurance, do you mean?

2215. No, not as the result of having to pay a premium of insurance, but as the result of accidents?—If they do not insure?

2216. Yes, because you said first that they were not insuring?—I think that the risk will be no greater under the new Act than under the present one as regards those small builders who do not insure. I think a fatal claim would smash any of them up under the present Acts.

2217. Yes, except that there are certain limitations of height and so on that are swept out in the new Act, if I remember rightly?—I do not think it will affect it. That question did not affect the liability for accidents which it was generally supposed to do, I think, or was expected to do.

2218. I know in my own county when I made inquiries I found that practically all the builders did insure and apparently your investigations take much the same line?—Yes.

2219. Do you find that, as regards the facilities which are at the disposal of small builders for insurance, there are numerous insurance companies and innumerable agents canvassing sedulously?—Yes.

2220. Do you consider that the reason why any of them do not avail themselves of such facilities is the objection to pay premiums?—That is it.

2221. On that I should like to ask you a question. That, I presume, only relates to this 10 per cent.?—Yes, clearly. I am only dealing with them.

2222. And you would not say that a very large number of builders took their own risks?—Of the small builders?

2223. No. I am speaking of the large ones outside this 10 per cent.?—No, there are not very many to my knowledge.

2224. And the objection to paying premium has not resulted, as far as you know, in any very serious consequences to the small builders. Have you any experience of whether the refusal to insure or the taking of their own risks, just as you like to put it, has led to any very serious consequences?—We have had repeated instances of a small builder who is not insured and an accident happening to one of his men, and a claim being put forward against someone else by his society or by some solicitor against some of our insured who may be in the position of principal contractor. Then we discover that the entire legal liability rested with the man's own employer, and he had nothing to give the man. He had no funds.

2225. He was a man of straw?—Yes. That is exactly the phrase used in the case referred to. The union applied to the chief contractor because the man's own employer was "a man of straw."

2226. Perhaps I might ask whether you think your 10 per cent. is largely composed of such persons?—No. I think that the 10 per cent. is largely composed of small builders and so-called builders who really do no actual building work and who consider, I fancy with some justification, that the risk to their men is so small that it is not worth while paying premium. They may be quite substantial enough to meet all ordinary claims.

2227. They might be substantial enough?—Yes, they might be.

2228. I think that that answers the question which I was going to suggest, which is: Do they simply say, "We will take the risk because we do not want to pay the premium and we are able to pay if necessary"?—A large proportion of them.

2229. And therefore, as regards the employee, he is not in a seriously worse position?—No, I do not think so.

2230. (*Mr. Denman.*) With regard to your premiums, do you charge the recognised companies' rate of premium to your members?—We are not members of the tariff companies and we do not know the tariff rates.

2231. Is your system to charge lower rates and not to make such large profits or to charge high premiums, make the profits, and then distribute them among your members?—We judge every risk that comes to us on its own merits so far as our experience guides us.

2232. Do you think that your premiums are substantially lower than those of the ordinary insurance companies for the same class of risk?—You made use of the term tariff. I fancy that that perhaps confused you if you are dealing with the tariff rates and what we charge. As I am led to believe the tariff rates under this new Bill will be very much increased.

2233. And yours will not?—We have not increased them yet. We are looking into the matter now to see how it will affect us.

2234. But, before this Act, were your premiums about level with those of the other insurance companies?—We have reason to think that sometimes they were less and sometimes they were more.

2235. So that you were practically competing?—It all depends. We might all take different views of the same risk. It is almost impossible for the big companies to do otherwise than classify risks, and I expect they would simply say, "You come under such and "such classification; your premium is so much." Our experience is that you might find three or more people in the same classification, and yet each would require to be differently rated.

2236. Why I am asking this, is to discover whether it would be possible for the Post Office to compete with mutual companies' premiums?—Do you mean to institute a system of insurance, on the same principle, at the same rates?

2237. It is frequently found that mutual companies can charge lower premiums than those charged by ordinary companies, and I wanted to discover whether that was the case in the building trade?—No, we have not found that to be so. What it may be under the new Act I do not know, I am sure, but we found out that proprietary companies were very anxious to get business at less premiums than ours, with the result that as probably you are aware, they are now beginning to see that it did not pay. I am tempted to say that, because you might otherwise think that our premiums were too high. As a matter of fact, they were just enough.

2238. In this kind of trade, I suppose, canvassing is less necessary?—Yes, it is for a mutual office.

2239. So that you work very much more cheaply?—Yes.

2240. You made the remark just now, that builders who had comparatively little risk, objected to taking out insurance. Would you say that the smaller the risk the less inclination there is to insure?—Obviously.

2241. It is obvious?—I think so.

2242. The premium is lower of course. The premium is adjusted to the smaller risk, and it is therefore just as well worth paying as the higher premium is worth paying in the case of the bigger risk?—Every insurer thinks that his risk is over-estimated by an insurance company, however small the premium may be.

2243. From that may I infer that you think the smaller employers are commonly charged rather high premiums relatively to their risks?—No, I do not think that.

2244. If that were not so, they have just the same inducement to pay the lower premium as the builder engaged in more dangerous building, involving a heavier risk, has to pay the bigger premium?—There is reluctance to pay insurance premiums, and if the risk is very small the man is always more tempted to say "I will chance it." He does not reason it out like that, I suppose.

2245. The lowest rates for builders are, I believe, about 5*s*.?—There are no rates for builders at 5*s*.

2246. It was given by the Accident Insurance Company in 1904 as the minimum rate?—Did it pay them?

2247. It does not state, but even as a minimum a 5*s*. rate, you think, would not be sufficient?—We

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have no such premium for a builder as 5*s*. It is ridiculous.

2248. What should you say?—Ten shillings is the minimum risk for a builder without any machinery about him, and even that does not pay.

2249. And even the risk for which the premium is 10*s*., you think builders would rather run themselves than insure?—Yes, that is to say a certain class of builder would rather run the risk.

2250. (*Mr. Davies.*) That is 10*s*. per cent.?—Perhaps you might understand that a little better if I mentioned that we have hundreds of small policies on our books which have been there all the time under the present Act, and there never has been one single claim, so that you can see the temptation of a man to say, "What is "the use of my paying this money? I never make any "claim." We have hundreds of such. It might just be that he drops his insurance and the very next month or the very next year a ladder breaks. Most of these small builders do outside decorating work, and in work like that a ladder slips; the man has forgotten to tie it, and he has a fatal injury. That would immediately swamp a good many premiums.

2251. Have you found that small men insure for a time and then give it up?—We have had such cases, but not very many.

2252. As a rule?—Not very many, they do give up sometimes.

2253. You would divide them, I take it, into two classes—those that are insured year after year, continuing even if they make no claim, and those whose natural temperament is to take chances?—Yes. My opinion is that this 10 per cent. which I have put down is composed of the class of builders which we have just discussed, and the balance of a class that I do not think you would be able to persuade to insure at any premium.

2254. They would not pay even a nominal premium?—No. They are very assiduously looked after if they have any business at all by canvassers from insurance companies in London. With regard to what was mentioned just now, if they were able to do insurance at 5*s*. per cent. they could not be got to insure. Within a month one of our principal insurers had to sublet a contract to such a class of men, and he said, "You "must insure, I am not going to have any trouble about "anything that may happen. You will have to insure," and it was the greatest trouble in the world to get that man to insure. I am exaggerating perhaps in using a phrase like that. I mean to say that he was very reluctant to pay even something like 30*s*.

2255. In fixing your premiums are you guided by a man's record, that is to say, taking two builders of about the same size doing different classes of work, would you charge one more because he had a bad record for accidents?—Certainly that would guide us.

2256. Do you make them answer certain questions as regards their experience before you accept them?—Yes.

2257. In that you follow the general practice of the non-mutual companies?—Yes. Of course we are bound to know something about the risk we are undertaking.

2258. We heard that there was a good deal of difference between the record of builders doing much the same class of work. Can you put it down broadly to any assignable cause or anything more than luck?—Yes, I think so—method and the efficiency of the plant, and a good deal has to do with the foreman in charge.

2259. You think that the efficiency of the foreman is a great factor?—Yes, it is a great factor.

2260. In considering a proposal for insurance you know nothing about the individual foreman, I suppose?—No, we do not know the foreman.

2261. But you judge of the foreman by the freedom there has been from accidents?—We do not think about the foreman at all. We could never do that, but you have the record for a previous number of years.

2262. It is on this record as regards accidents that you really go?—To a considerable extent.

2263. (*Mr. Kirkwood.*) If these small builders were allowed to pay their premiums in small instalments would that assist them in any way. Would there be any greater inducement for them to insure and get over their objection to pay premiums?—I do not know. How many instalments would you take?

2264. Say weekly instalments?—You might try that, but it would be a terrible job.

2265. (*Chairman.*) May I ask is it altogether an annual instalment with your company?—Yes; annual, unless a short term policy, as it is called, is taken for one particular job.

2266. (*Mr. Turpin.*) Is it your opinion that generally the 10 per cent. you refer to will not insure unless they are compelled to insure?—No. I say that a great proportion of the 10 per cent. will insure under the new Act. You will simply leave that section that I have tried to describe—those that will not insure at all at any premium.

2267. (*Mr. Cochrane.*) Is yours a mutual insurance society?—Yes.

2268. What premiums do you charge?—We charge for builders who are using machinery (I am speaking of the present Act) 15*s*. as the nominal rate.

2269. And without machinery?—10*s*.

2270. Does that cover your costs?—Yes.

2271. And admit of a profit?—We have made a rebate to our policy holders in the last two years of 10 per cent.

2272. As a mutual association you do not declare any dividend. You merely have a deferred fund, I suppose?—Our actuary goes through our liabilities and he tells us what money we may safely hand back each year. It is worked out and that goes back to the policy holders. In dealing with the 10 per cent. you must remember that our expenses are exceedingly low, because our commission works out at about 5 per cent., instead of, say, 15 per cent. as with proprietary companies. That is to say, if it had been on the basis of the other companies, we should just have been about square. Our premium is just about the cost price of the insurance business that we have.

2273. Less the 5 per cent. commission?—Yes

2274. And the 10 per cent. that you return?—Yes.

2275. You say that you think that the 10 per cent. who do not insure are deterred largely by the cost of the insurance?—A large section of them do not estimate their risk. It is so trivial that they do not think it will pay them to insure. It is not worth their while, they think.

2276. They think the risk is so small that it is not worth their while insuring?—Yes.

2277. Those will be quite small men?—Quite.

2278. Supposing there is a serious accident and a man is permanently incapacitated from work, what happens then?—I do not know what would happen. If the builder could not pay, he would have to go without.

2279. (*Chairman.*) Go bankrupt?—I do not think the injured man would take such proceedings as would make the builder go bankrupt. There is great camaraderie amongst employers of that level. Possibly the employer may be working himself.

2280. (*Mr. Cochrane.*) But in some cases where the workmen took action against the employer, the employer would either have to pay or go bankrupt if he were not insured?—Yes.

2281. Is that possibility before them when they do not insure?—No, I do not suppose they think much about that. I do not know that they could escape thinking about it altogether, because the canvasser is sure to put it into their heads.

2282. But it does not deter them?—No.

2283. That is to say, that fear does not encourage them to insure. Nothing short of compulsory insurance would make them insure?—I do not think so. With regard to the residuum, the balance, nothing short of compulsory insurance would make them insure, but that applies to a small proportion only of the 10 per cent., you understand. A great proportion of the 10 per cent. might be substantial people, or substantial enough to meet a risk like that.

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Mr. C. M. Brown.

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2284. If you could cover, in any way, the larger risk of total incapacity or death, would they be willing to pay a smaller premium to cover that risk, and take the chance themselves of an accident not entailing a loss of more than a month?—Do you mean that they would insure against total loss only, or fatal accident only?

2285. If they could insure against the big risk if a policy could be taken out at a lower premium, would they be induced to cover the smaller risk themselves, that is, the risk of an accident that incapacitated for less than a month?—If they could take out a premium covering the heavier risk that might be a possible inducement, but the difficulty is in getting that class of men to come to know or think anything about it.

2286. If there are a few hard cases of men who are obliged to go bankrupt, will that not draw their attention to the desirability of insurance?—No, I do not think so.

2287. You are pessimistic?—It may draw their attention to it.

2288. It may make them rather keener to insure?—I do not know that it would make them insure.

2289. The abolition of the 30 feet limit will bring in a large class of small builders?—In view of what I mentioned a few minutes ago about a man who last month was compelled to insure, and who made such a difficulty about it, I do not think that any man in a similar position being made bankrupt through an accident would affect him very much.

2290. That is what you think, with your experience?—I do not think it would at all. The only thing that made this man insure was, that he would not have got the work unless he had done so.

2291. And if he had not insured and there had been an accident, what then?—Then the injured man would have had to suffer, I expect.

2292. I suppose that the builder would have to suffer too, would he not, if the man took him into court?—But the man has nothing; he has no funds, and no plant, and what good would be got by taking him into court?

2293. There is nothing to get out of him?—There is nothing to get out of him.

2294. How does he get his plant?—In this case the plant is supplied to him by others.

2295. Is it customary for the small builder to hire his plant?—No. You could not call the man I just mentioned a builder in any sense. He was merely taking a sub-contract upon a building.

2296. And the builder supplied the plant?—The builder supplied the plant.

2297. But in the case of a small builder working for himself?—That would be different. That comes under the category of these men who probably will insure under this Act.

2298. There is a remedy against the employer, the original contractor, with regard to the sub-contractor?—Yes, but this man was undertaking work which made him a contractor pure and simple.

2299. It made him the "undertaker"?—It made him the undertaker.

2300. The word is now done away with?—It will be on the 1st July.

2301. There is a remedy now under the new Act past the sub-contractor against the principal?—That exists under the present Act. The sub-contractor's workman can now claim on the principal contractor, but then a man doing a portion of the work may be in the position of principal contractor if his work does not form part and parcel of the business being carried on by the chief.

2302. (*Chairman.*) There are one or two questions that have arisen since I examined you just now. With regard to the reluctance to insure on the part of roughly 5 per cent. that you speak of, that is to say half the 10 per cent. that you suggested, is that to any extent owing to distrust of the insurance companies, do you think?—None whatever.

2303. It is partly unwillingness or thinking that the risk is not great?—They have every trust in the insurance companies.

2304. I see that your chairman gave evidence in 1904 stating that you had been in existence since 1880?—Yes.

2305. Has the company on the whole had a prosperous existence?—Yes, I am quite certain of that. We have been able to give rebates all along.

2306. On the whole the company has been prosperous?—Certainly.

2307. Do builders insure each individual man as a rule or do you give any form of policy that I might call a blanket policy?—No, they insure on the amount of wages paid in the course of twelve months.

2308. It is entirely on wages?—Yes.

2309. You do not deal with individual men?—No.

2310. Therefore I suppose you have to make rather elaborate calculations with regard to the different risks?—In the same employment do you mean?

2311. Yes?—We estimate that.

2312. A builder may have a set of men who are engaged one day in doing the thing that would come under a 40*s.* policy and the next day they may be doing work that would come under a 12*s.* policy?—Yes. We know pretty well the class of work that they all do.

2313. In the country the same men are often employed upon things that I see are differentiated in the premium rates. You take a general average?—Yes, we take an average.

2314. And you know your man?—Yes.

2315. Have you ever tried any limited policy such as Mr. Cochrane suggested to you?—No, never.

2316. Or thought of it?—No.

2317. Have you considered the probability that employers would avail themselves of facilities that might be offered by the Post Office?—Assuming that the rates charged under any Post Office scheme would be based on those which the experience of the insurance companies has shown to be necessary, I do not think that the existence of any such scheme would attract those who had not already insured.

2318. Do you think it is a pure question of the rate charged as to whether a Post Office scheme would or would not attract these employers?—Of course if you charged less than the insurance companies, that would to a certain extent be an attraction. Then it would be subsidising the class we are speaking of against the men who conducted their business efficiently.

2319. In your opinion it is principally a question of the rate charged, and not of the facilities offered according to this statement. Do you think that the fact of a Post Office being round the corner everywhere, and the Government giving an absolute security, as it practically must, would have any effect on builders?—None whatever on that class of employer.

2320. With regard to the special difficulties could you tell us something of those as regards builders and small employers in allied trades, and the extent to which they would apply to Post Office insurance. Do you refer to a difficulty in assessing risk, for instance?—I am speaking from the outside point of view, but I do not think that the Post Office could go so well into the matter as those who make a special business of it.

2321. That is a general objection?—If you did, then you would have to be on the same level as the insurance companies, and the scheme would be abortive.

2322. When you say special difficulties, what have you in your mind with regard to this?—This question is not framed by me. I answered it as it was put.

2323. Generally speaking, I may take it, you think it is a question of rate rather than of facilities that would influence people in insuring?—Certainly, if anything would, it would be rate.

2324. (*Mr. Kirkwood.*) I suppose that if the Post Office undertook this business, there would be no chance of their making a success of it unless they canvassed for it?—Certainly not.

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2325. Even if they quoted slightly lower premiums than the insurance companies, and did not canvass, there would be no chance of their getting much business?—You mean if you gave lower premiums they would soon come to know about that?

2326. If the Post Office quoted slightly lower premiums, but did not canvass, you think that they might get some business?—I do not know. It depends on how much lower the premium would be. It would have to be very low.*

2327. If they quoted a slightly lower premium, and at the same time gave the insurers the chance of paying by instalments as I suggested a short time ago, do you think that would be any inducement to the small employers, or to small builders to insure?—I think "employers" is the best term to use because the men that we are speaking of practically are not builders in any sense.

2328. The small employers then?—It might be so.

2329. Not even if at the same time the scheme comprised an arrangement such as was suggested by Mr. Cochrane, whereby the builder might have the opportunity of insuring against only permanent disablement and death at a cheaper rate than he would have to pay if he took a policy combining temporary disablement as well? You do not think, even if the Post Office offered those three advantages (a slightly lower premium, premiums to be paid in instalments if desired, and a policy at a lower rate applying only to the case of permanent disablement and death) they would be able to obtain a fair amount of business from the small employers?—No, I do not think so—not a fair amount of business.

2330. Not even if they canvassed for it?—That would certainly give you a better chance.

2331. They certainly would have to canvass, you think, if they wanted to get anything?—Yes, and they would probably have some difficulty in finding these men. Very often these men have no place of business.

2332. (*Mr. Davies.*) Have you personally had large experience of the claims made under this insurance?—Yes, I deal with them all.

2333. Do you find that there are many small claims for accidents that do not disable a man for more than a few weeks or more than a month?—Do you mean really justifiable claims under the Act?

2334. Yes, take justifiable claims to begin with?—You do not mean the malingering type of claim?

2335. No. I will leave that for a moment. Of the claims on which you pay, are there a good many for short periods of disablement?—Yes, any number—from a fortnight to any number of weeks, a month, six weeks, two months, and so on.

2336. Would you say that the majority of claims are under a month?—No.

2337. The majority would be above a month?—Yes.

2338. I suppose that in the building trade you get rather a large proportion of total disablement claims, do you not?—I do not know. I am trying to think what the proportion would be. Do you suggest that it is larger than in other trades? *Mr. C. M. Brown.* 22 April 1907.

2339. Building is a dangerous trade. What I really want to know is, how you could classify the claims which come to you into periods of short disablement, long disablement, and total disablement. Could you make a rough division of that kind?—We simply classify them under two heads—permanent injury cases and others. There are three heads of course. There are the fatal cases as well.

2340. Can you divide them into those two first?—Very often it takes months before it can be determined whether the case will be permanent or not. We cannot arrive at our position with regard to permanent injury cases practically until the end of the year, and even after we are some distance into the new year.

2341. I suppose that a year's inability to work is not an infrequent thing when the man recovers finally?—I am afraid he is permanently injured if he is not able to work in 12 months' time.

2342. If he is away for 12 months he does not come back as a rule?—No.

2343. Have you any percentage?—No, I could not give you that offhand. We have, I daresay, all the information in the office, but I could not say offhand what the percentage would be.

2344. Have you ever refused proposals to insure?—Yes, but not frequently. We have done so.

2345. A builder as a builder has no right to come to you, although you are a mutual association for builders, and demand to be insured with your society?—No, he cannot compel us to insure him.

2346. On what grounds, as a rule, do you refuse?—On a number of grounds.

2347. Do you think that if the Post Office took up liability insurance, it would be at any disadvantage from want of the intimate knowledge of its proposed clients that a society such as yours possesses?—Yes, and the information is absolutely essential.

2348. And information that could hardly be gathered by an outsider?—No. It would be impossible without considerable experience.

2349. (*Chairman.*) I presume that all the evidence you have given practically refers to the allied trades of painters, decorators, and plumbers?—Yes, it includes them all. Please understand that the term "employer" would be far more fitly applied to the class of people we have been discussing, because they are not builders in any sense.

2350. No, but does your insurance company take those persons as well?—Yes.

2351. You take the employer then?—Building and kindred trades. Builders might not care about such a man being described as a builder.

* (*Note by witness.*) Of course this answer applies only to the class of builders who do not at present insure.—C. M. B.

The witness withdrew.

(Mr. COCHRANE in the Chair.)

Mr. LIONEL CLARKE SAGE, examined. *Mr. L. Clarke Sage.*

2352. (*Chairman.*) You are one of the managers of the Sailing Ship Mutual Insurance Association, Limited?—Yes.

2353. Where are your headquarters?—At 3 and 4, Lime Street Square.

2354. Can you give the number of members of your association?—The number of the vessels?

2355. The registered tonnage included in your association?—We have about 163 or 164 vessels in the association, and the tonnage, I should imagine, would be about 14,000 or 15,000, about an average of per 90 ton vessel registered tonnage.

2356. (*Chairman.*) Have you any statement to make as to the position in which the owners of small sailing vessels have been placed by the Workmen's Compensation Act of 1906?—Yes. Our association is composed of owners of sailing vessels under 300 tons who mutually insure one another against risks which are not covered by the usual Lloyd's policy.

The Committee, composed of seven owners of coasting vessels, after fully discussing the Workmen's Compensation Act, 1906, instructed me to try to obtain a quotation, from an insurance company or Lloyd's underwriter, for the risks under this Act, so that the association could reinsure the whole of its risk.

I endeavoured to obtain a reasonable quotation, but up to the present have been unable to do so. Some insurance companies refuse to quote at all and others are asking a ridiculous premium. Lloyd's at present are not quoting.

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Mr. L. Clarke Sage.

22 April 1907.

Other protection clubs have arranged to mutually insure their members, and at the present moment I believe this is the only means that sailing vessel owners have of insuring.

Having regard to the liabilities to arise under the Act, it is within my own knowledge that the owners constituting the Portmadoc Mutual Association passed a resolution to wind up the protection section of their association.

Most of the vessels entered in the Sailing Ship Association are vessels of under 100 tons, carrying a crew of five, of whom the captain would in most cases be either a part owner or paid on the system of one-thirds. It is not clear in my opinion whether in either of these cases the owner would be liable.

One of the crew in most cases would be a boy, and the remaining three receive generally by way of wages about 48*l.* a year. It is not clear whether a sum equivalent to the men's keep would be added to this in the event of an accident so as to increase his wage to over 50*l.* a year.

The committee of my association consider that the result of the Act will be to impose liabilities taking away a considerable amount of the profits of ship-owning.

It is within my own knowledge that owners contemplate taking such steps as are open to them to avoid coming under the operation of the Act, by one or more of the following means:—

(*a*) Selling their vessels to owners in other countries and having them registered there, and taking a mortgage on the ship.

(*b*) Refusing to take more Englishmen on board than they are absolutely compelled to.

(*c*) Taking so far as possible no men on board with dependants of any sort.

During the last year there have occurred three deaths on board vessels in my association, one from natural causes, the other two the result of drink, the men falling down the hold. In another case a vessel carrying a crew of five was totally lost with all hands.

But the accidents arising in death are not the worst feature of the Act. During the last year there have been about ten attempts to compel owners to pay sums for injuries. Of these five have, perhaps, been bonâ fide, but even of these five, three have accrued through the negligence of the sailors themselves; as to the other five, they were of a nature which rendered it doubtful whether they came under the last Act, the accidents happening in and about docks, and no claims in respect of them should have been made. It is the compensation payable in respect of accidents that will give rise to the principal claims, a great number of which ought never to be made.

In most, if not in every case, the claimant will be penniless, and if the matter is contested no costs will be recovered from the claimant, so in the end it will be cheaper to pay a small amount to the claimant. I have had this experience in this class of case.

By a payment of 5*l.* the matter can generally be settled, and a payment of this amount is less than the cost of defending the action, and the risk which there always is of the claimant succeeding is disposed of. These payments encourage what are nothing more or less than impudent swindles. The class of man who makes this claim would not do so if the defence and adjustment were in the hands of a public body.

A fair majority of charter parties provide that the owner shall discharge the cargo, and this means that casual labour must be employed. I think this will be a class of risk very difficult to insure against. The charterers and ship owners will both try to thrust the responsibility of discharging and loading cargoes on to one another, causing extreme complications, and, in most cases, the loss of cargoes to respectable owners.

2357. You have been unable to obtain quotations to cover the risk of workmen's compensation?—Yes, that is so.

2358. Are you going to undertake it yourselves as an association?—That has not been actually decided yet.

2359. Have you any estimate as to the cost?—I am afraid not. It is very difficult thing to estimate.

2360. In one particular case, rather than undertake any risk in the matter, the Portmadoc Mutual Association have decided to wind up?—Yes, they have wound up.

2361. They think that the liability would be so great that they are unwilling to take the risk?—Yes.

2362. There is a good deal of liability with regard to these small sailing ships?—Yes, a good deal.

2363. Is that owing to any particular causes?—In the case of total loss with all hands compensation would have to be paid to the crews' dependants, and very often with these small vessels, the risk of a total loss and the crew being drowned, I consider is rather greater than with a larger vessel.

2364. Have you any statistics on the subject within your experience?—Out of 120 vessels we had one total loss last year. A vessel with a crew of five went down.

2365. What compensation had you to pay?—We did not pay any at all.

2366. But under the Workmen's Compensation Act of 1906 you would have to pay compensation?—Yes, certainly. We had two deaths which we would have had to pay for.

2367. Recently?—Last year.

2368. Apart from the case that you are telling us about?—Yes, apart from that case altogether, there were two cases where the men were both drunk and fell down the hold whilst intoxicated. I take it that under the new Act, we should have to compensate their dependants. I mention that case in my statement, I think.

2369. In some of your ships the captain is a part owner, paid on the system of one-third?—Yes.

2370. You are not clear as to the interpretation of the Act?—No, not altogether.

2371. The Act of 1906 says: "This Act shall not "apply to such members of the crew of a fishing vessel "as are remunerated by shares in the profits or the "gross earnings of the working of such vessel"?—These are not fishing vessels, you see.

2372. Therefore you are of opinion that the owner would be liable?—Yes, I should think so; that is my interpretation of it.

2373. "It is not clear whether a sum equivalent to "the men's keep would be added to this in the event of "an accident, so as to increase his wage to over 50*l.* a "year." What do you exactly mean by that?—In the event of compensating a man, are you going to take into account the fact that he gets his food free and his board or are you going to pay exactly on his wages?

2374. Do you attribute any importance to the fact of his wages being 50*l.* or under 50*l.*?—It doubles the risk. If the wages are under 50*l.*, you only pay 150*l.* to the man's dependants in the event of death. If the wages are equivalent to a sum of over 50*l.* you pay 300*l.* to his dependants in the event of death, so that it really doubles the liability.

2375. What section of the Act do you refer to?—I refer to the first schedule. It starts: "The amount of "compensation under this Act shall be——" It is dependent upon whether the wages are 50*l.* a year or under.

2376. (*Mr. Denman.*) Where does that appear?—"If the workman leaves any dependants, wholly de-"pendent upon his earnings, a sum equal to his earn-"ings in the employment of the same employer during "the three years next preceding the injury, or the sum "of one hundred and fifty pounds, whichever of those "sums is the larger, but not exceeding in any case "three hundred pounds, provided that the amount of any "weekly payments made under this Act and any lump "sum paid in redemption thereof shall be deducted "from such sum."

2377. (*Chairman.*) That is all that is applicable to the particular point, but I do not see that that makes any difference. Take the case of a man whose wages are 48*l.* Three years at 48*l.* would be less than 150*l.*?—Yes.

2378. Therefore the man would get 150*l.*?—No. If I may say so, there was a case some time back where they had to estimate a man's earnings, and they took into account the fact that he received his board from

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his employer, and estimated his earnings at more, having regard to that fact.

2379. Quite so, but there is no particular line of demarcation at 50*l.* We need not discuss this, because it is quite wide of our reference?—Yes; it is rather.

2380. I only wanted to find out if there was anything in your mind with regard to it?—Exactly.

2381. He cannot get less than 150*l.* nor more than 300*l.*?—Yes.

2382. (*Mr. Denman.*) What sort of sailing ship does your association insure?—Principally coasting vessels.

2383. From all parts of the United Kingdom?—Yes, and parts of France. A very few go down as far as Gibraltar. The large majority of them are coasting vessels pure and simple.

2384. Do you confine yourself to any particular class of trades?—No.

2385. You do not admit every sort of sailing ship into your association?—Any sailing ship under 300 tons.

2386. Any ship that will satisfy certain requirements?—No, there is no question of requirements attached to it.

2387. Do they pay a certain annual tonnage rate to you?—The claims at a certain period are gone into and they are combined, and then the owners contribute according to the registered tonnage of their vessel so much per ton, and we issue what is called a "call sheet."

2388. I suppose not all sailing ships are equally satisfactory from an insurance point of view?—For these particular risks there is not much difference. It is an indemnity risk.

2389. Is it the small damage and particular average risks that you refer to?—No. We take a cargo claim such as a short delivery of cargo or damage to cargo or personal injury arising under common law, at present. Lloyds do not do that. We also take one-fourth of the damage done. I daresay you know that Lloyds' policy never goes beyond three-fourths, that is, damage done to another vessel. We take the remaining fourth. To sum up, it is the personal injury under the common law, the one-fourth damage done and cargo claims that we really cover. It does not matter much what the class of vessel is. For that reason we do not pay them for damage received themselves.

2390. From the point of view of workmen's compensation claims I suppose that the nature of the sailing vessel will make a considerable difference?—A considerable difference.

2391. That is, I suppose, the difficulty that you will have in taking it over?—That is so.

2392. If you did take it over I suppose you would try to adjust the premium to each vessel according to the risk that you thought attached to that vessel?—No. I should say that we should have to do it on the same lines as we have to do now. It is not a question of quoting a premium, but a question of mutually insuring.

2393. Your members owning modern and well-constructed sailing vessels will be a little displeased at having to pay the claims of inferior sailing vessels, will they not?—That is a question that will have to be gone into very carefully. I should say they would be. There would have to be some sort of adjustment, I imagine, but how it is going to be done we have not yet really considered properly.

2394. We were told that the Portmadoc Association wound up their protection section. They are continuing all the other indemnity insurances?—Not exactly indemnity, but the total loss. That is not loss of life; it is only hull risks.

2395. Thay take the hull risks, but you do not?—We do not take those.

2396. They see that the difficulties of insurance against workmen's compensation risks in the case of sailing ships are so great that they prefer not to be troubled with them?—They thought that as a matter of fact they were not particularly strong enough to take the risks.

2397. What attempts have you made to get these risks insured elsewhere?—I have had an underwriter at Lloyds trying for some considerable time to get a quotation, and I have been to two or three insurance companies. The other day I went to another one again and they told me that very likely in about three weeks' time they might be making a quotation, but at the present time they were not quoting.

2398. I suppose that they have all of them raised just this same difficulty, that they cannot quote to you one rate to cover risks that will vary in almost every different ship?—Yes; they simply cannot estimate it. They have very little data to go upon. They do not care to take the risk. I got a quotation of 5*l.* per cent., which of course was absurd on the face of it—quite a nominal quotation.

2399. Was that to cover any sailing vessel that you might choose to put in?—I did not go into it very carefully. It was a premium that was impossible.

2400. Five per cent. on the wages paid?—Yes, on the wages.

2401. In your opinion that is extravagant in relation to the risk incurred?—Yes, I think so. These small coasting vessels do not make a very large profit during the year, and if they have to pay a premium of 5 per cent. on the wages they give to their crew, that is perhaps 25 or 33⅓ per cent. of their net income gone from them at once.

2402. The question whether they can afford it is rather a different matter from the question of what risk they would really run?—Yes; I grant that it is rather irrelevant.

2403. To what extent are the crews of these vessels members of the captain's family?—I should say a very small percentage to my knowledge.

2404. In cases where the captain is a partner?—As a matter of fact I do not think I know of one case.

2405. (*Mr. Davies.*) Your discussion with insurance companies and Lloyds' underwriters has been entirely for re-insuring your own risks in bulk, I suppose?—Yes, only the workmen's compensation risk—nothing else.

2406. No, quite so. Do they also refuse to take individual owners?—Yes, as far as I know. An owner was telling me some time ago that he had made inquiries, and he could not get a quotation.

2407. Is the Portmadoc Association a very small one?—Yes, I think they have about 80 vessels in the association.

2408. (*Mr. Kirkwood.*) Do I understand that some of the insurance companies are actually quoting a premium for the insurance under the Workmen's Compensation Act. You say that "other insurance companies are asking a ridiculous premium"?—As a matter of fact, I understood that they quoted a premium because they were rather pressed by the Government to do so, and so they quoted a nominal figure which they knew it would be impossible for people to take.

2409. They really consider that the risk is so great that they are not able to quote a premium?—I think that one of the reasons is that they have no statistics to go upon as to the risk there is likely to be.

2410. If the Post Office undertook insurance of this kind they would be in exactly the same position?—Certainly.

2411. They would have no statistics to go upon. You say you understand that some insurance companies are prepared to quote rates in a short time?—As I told you, in about three weeks they said that they were very likely going to quote.

2412. As far as you can see would there be any advantage in the Post Office undertaking this kind of insurance as compared with the insurance companies?—Of course it would be a great benefit to the owners. For instance, take the case of a man who has a small barge and who works the barge intermittently. For three or four weeks it is laid up, and then he gets a freight. It takes him four or five days. He would like to get a quotation to cover his risk for that period. If he has to send up to London or go to Lloyd's or else enter a protection association it puts him to a great deal

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Mr. L. Clarke Sage.

22 April 1907.

of disadvantage, but if he could go into the nearest Post Office and get a quotation and insure for four or five days, to my mind it would be splendid for him.

2413. Would he not have an opportunity of finding some agent or agents of the leading insurance companies in the same town as the Post Office would be situated in?—Yes, he could do that, but at the present moment they are not quoting, you see.

2414. Assuming that they did quote, he would find an insurance agent who would be willing to take up the business. The agent would have to submit his request to the company for a quotation, and he would be able to find an insurance agent in any small town?—Yes. Of course you always get a class of men putting forward swindling claims when they have no right to do so, and I understand that the principal protection clubs in London are going to arrange with regard to the whole of their vessels that the claims shall be settled by the Shipping Federation. They can establish then the different points that arise as to liability. I certainly think that if a public body undertook insurance, these men would not be nearly so liable to make fictitious claims upon it as they would upon an ordinary company. If a man puts forwards a claim it is not really worth the while of the owner or the protection club to contest it, because if you win your action you cannot get any costs out of the man. Most probably it is very much better to give him a nominal sum like 5*l.* or 10*l.* to settle it. It struck me that perhaps if some public body undertook it, these men would not be so liable to commence proceedings against a public body as they would against an individual or against a protection society.

2415. You do not think that a man whose employer is insured with the Post Office would be likely to bring forward a bogus claim against the Post Office in the same way as he would against an insurance company?—No, I do not think so.

2416. The Post Office would really take the position of the employer?—Yes.

2417. And so the employer would really say to the employee, "I am insured with the Post Office; you "must go to the Post Office and see what you can get "out of them"?—Yes.

2418. You think that if it was a bogus claim, there would be less chance of the man making it against the Post Office than there would be of his making it against the insurance company?—Certainly.

2419. Why do you think that?—For one thing they know very well that the Post Office can afford to fight them, and they know very well that a small company will not fight a claim.

2420. A large insurance company would also fight it, would they not?—They do not very often bother about them, because they get so many.

2421. They get so many that they think it is much better to pay a small amount straight away rather than fight the claim?—Yes. It is too much trouble. For instance, a man puts forward a claim and we pay 5*l.* or 10*l.* It is much cheaper. We really have to encourage these frauds in our own protection.

2422. If a claim was made against the Post Office and they resisted it, you think the man would drop the claim?—Probably he would.

2423. Surely a large insurance company with a claim of that kind brought against it would resist the claim?—It is most expensive. You get no costs. It will cost you 50*l.* or 60*l.* probably. A sympathetic jury will possibly award money, and you get no costs anyhow, and stand the chance of a man recovering and your having to pay costs on the other side.

2424. Do not you think they would be sympathetic against the Crown?—Against the Crown and against the insurance company.

2425. They would be much more sympathetic with the insured, would they not, than with the Post Office?—I would not like to say so.

2426. Would it not be a case of "The Government "has plenty of money; this poor fellow here has suf- "fered an accident; give him some compensation"?—I do not mean in that way. The Post Office have much greater facilities for making inquiries. That is where we are done. We get a claim for 5*l.* We spend 5*l.* in making inquiries, and it is not worth our while.

2427. I do not follow how the Post Office would have much better facilities for making inquiries than an insurance company?—When we inquire as to any injury in any town we have to instruct someone to do it and pay him, whereas the Post Office has someone in every town and can make inquiries practically free of all cost. You can make inquiries about the position of a man claiming and about his injury.

2428. In your case, being a small association, you have to employ somebody in the town. A large company would have representatives in all the larger towns?—In the large towns, but the majority of these accidents occur in the moderately small ports throughout the country.

2429. We had a witness from Braunton. I asked him how many insurance companies were represented at Braunton and he said there were about 12 agents?—The agent of an insurance company probably keeps a shop. He has a notice outside—"Agents." That is all he does. If men go to insure he will take their premiums, but he does not make inquiries and has no initiative.

2430. I cannot quite see the difference. A man has a grocer's shop and is a sub-postmaster in a village, and another man is the agent of an insurance company and is also a grocer. How does the sub-postmaster have better opportunities of making inquiries into claims of this kind than the insurance agent?—I take it that the Post Office is more inclined to pay for these inquiries, whereas if an insurance company is going to start paying for the inquiries, it is hardly worth their while.

2431. Do you suggest, then, that if the Post Office resisted these claims, they would probably be more out of pocket than the insurance companies would be?—I certainly say so.

2432. That money would have to be paid by the taxpayer?—Or by the assured.

2433. If the Post Office was successful?—If they quoted the correct premium.

2434. (*Mr. Hewby.*) Do not you think that it would put the Government in rather an awkward position if the Post Office were to try to stiffen up the practice of fighting claims which insurance companies had passed?—No, I do not think so at all. The honest claim no one minds. It is the dishonest claim. For some 15 years I have been mixed up with these protection societies. Of honest claims there are probably a dozen to probably hundreds of dishonest claims. You can settle the dishonest ones for 5*l.* You can always tell which is honest and which is not. The honest claims go on. You can always get information from some one. You always know whether it is honest or not. A man is supposed to have been laid up in bed for three weeks. On inquiry you find that he has not been in bed at all; he has been on the drink. You can always tell which is honest and which is dishonest, but it is not worth while to fight. That is the difficulty.

2435. (*Mr. Turpin.*) Do you give complete indemnity under the present law for personal injuries?—Yes.

2436. You think that a complete indemnity under the new Act would be rather too large?—We have not really decided that. We have had a good deal of discussion with the Committee on it, and have come to no decision as yet as to whether we shall run it ourselves. They instructed us to endeavour to find a quotation. In the event of their finding that they could not run it, they would get a quotation and reinsure elsewhere.

2437. If the Post Office granted limited policies to cover the risk of death and total disablement, your company would be easily able to undertake temporary disablement, say, up to 12 months?—Yes, that would be very reasonable.

2438. You could supplement what could not be got elsewhere, and make it complete?—Yes, easily.

2439. If there was a limited policy you could supplement it and have a kind of levy?—We would not mind taking a death. It is paying wages for a man disabled

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for ever that we would not like. That is the largest risk. That is the risk we are afraid of.

2440. (*Chairman.*) Your association consider the result of the Act will be to incur liabilities taking away a considerable amount of the profits of shipowning. You have great difficulty in insuring the smaller class of ships. What will happen to the owners if you are unable to insure and serious accidents occur?—They will have to insure somewhere. As I say in my statement, as to their attempts to come outside the scope of the Act, several of them have not altogether decided in their own minds, but they are seriously contemplating whether they shall register their vessels in Antwerp, selling their ships to a resident over there, and taking a mortgage on them, which I think would take them outside the scope of the Act.

2441. They would not escape all liability for workmen's compensation then, would they?—Yes, I think so. According to the Act the owner must reside in England, or it must be a British registered ship. I think you will find that is so.

2442. But would not they be liable to any form of workmen's compensation if they were registered at Antwerp?—I do not think they would be.

2443. (*Mr. Davies.*) "Members of the crew of any "ship registered in the United Kingdom, or of any "other British ship or vessel of which the owner or (if "there is more than one owner) the managing owner or "manager resides, or has his principal place of business "in the United Kingdom"?—They would make their place of business Antwerp. I think the idea of the second part or the owner residing in England simply means to say an unregistered vessel where the owner resides in England. I think that applies to lighters. There are certain classes of ships not registered at all. If it left off at "registered ship" it would not apply to lighters on the Thames. No doubt there would not be a claim in Antwerp.

2444. (*Chairman.*) It would only be a claim in the particular foreign country in which they were registered?—Yes.

2445. There would not be a claim in this country at all?—No.

2446. As to not employing more Englishmen than possible, is there anything in the Act which releases the employer with regard to foreigners employed on the ships?—No, but you never hear of the foreigner if he is lost. His dependants make no claim. If they do you ask them to give security for the costs of the action, and that is the last that you hear of it.

2447. In five cases it was doubtful whether the accident came under the last Act. They were accidents practically in and about docks, and no claims in respect of them should have been made. They are all covered by the new Workmen's Compensation Act?—Yes.

2448. You think that the class of man who makes a bogus claim would not do so if the defence were in the hands of a public body?—No. The claim will cease if we take it up. Men will go against the owner, and start actions against him, but once they know there is a body behind him taking it up they cease. We have had that time after time even with ourselves with no responsibility at all.

2449. They will go against the owner, even if he is a small man?—Yes, and cease if he is backed up by a protection club.

2450. In the event of a ship with a crew of five being lost with all hands that would break small employers?—Yes.

2451. Even the loss of one man, if the compensation had to be 300*l*.. would do so?—Yes, because in the majority of cases the ship is not worth 500*l*. It is practically losing the ship.

2452. So that practically they must all insure?—Absolutely. If they are not insured they must register abroad.

2453. Or go bankrupt?—Or go bankrupt. There is no limitation of the liability under the new Act.

2454. 300*l*. for a man in the case of death?—Yes. Under the Merchants Shipping Act it is limited to 15*l*. a ton for loss of life, but under the new Act that is done away with. It is expressly taken away, unless you are claiming to be indemnified by another party. We have round the coast several Russian schooners, and a certain class of man who will not trouble to insure himself at all. He is mortgaged up to the hilt, and if a claim is made against him, and he loses, he does not pay, and he does not mind. He cannot pay, and he cannot lose his ship, because it is mortgaged. He will run any risk you like. The Russian schooners which are not under the operation of the Act are competing terribly at the present time, every time there is competition between an owner and a merchant. Where a shipowner will not take a cargo, unless there is a negligence clause, the owner who will not take the risk goes to one of these Russians. They do not mind whether there is a negligence clause or not. They take any risk. The result will be that the Russian owners will get a lot of cargoes that the more careful and responsible owner will not touch. If we take the risk, we shall insert in our rules that none of our members are to take a charter party providing that their crew will discharge or load the cargo. They may take 12 casual labourers on board to assist them, so we may have 12 men that we know nothing about. For our own sake we shall have to provide that they shall not do it. Then the merchant and the shipowner will be at loggerheads, and the cargo will go to a Russian who does not care whether he takes the risk or not, because he has nothing to lose. That often happens now on the question of the negligence clause in the charter party.

2455. Would the Post Office be a convenient means of insurance? Would it be convenient for the small shipowner to call at the Post Office to make his insurance?—Undoubtedly it would be most convenient.

2456. Would they require canvassing?—I do not think it would once they knew of it. They are always prepared to insure where they can for a fixed sum rather than by calls. They do not like the system of calls, because they do not know where the liability will cease.

2457. What do you mean?—On the mutual system we make a call every year. It may be a shilling or ten pounds, depending on the kind of year we have had.

2458. They would rather pay a premium down?—They would rather pay a premium down.

2459. So far they have not been able to do that?—No, they cannot with the sort of risks that we cover.

2460. (*Mr. Denman.*) Will they have any difficulty in registering these vessels abroad?—No, not at all.

2461. The restrictions are in all cases severer in England, are they not, than in foreign countries?—Yes, much severer.

2462. Are there any practical disadvantages to a shipowner registering abroad?—No, I do not think there are. There is perhaps only one and that is that he loses the benefit of the statutory liability of 15*l*. a ton in the case of a collision.

2463. He does not get the benefit of the Merchants' Shipping Acts?—No.

2464. Foreign countries have not the same laws?—No. It varies. In France you can take the value of the ship. They lose the benefit of the statutory liability, but that does not matter. The ship is not worth the value and they would take the risk.

2465. If premiums so high as 5 per cent. were charged for workmen's compensation it would practically drive our coasting trade to register abroad?—I am afraid it would really. I do not think that their profits average much more than 75*l*. a year. Some vessels do very well; one has made 200*l*. in six months. Another owner with seven boats has made a loss of 500*l*. during the last year. On the average they do not make more than 75*l*. a year net. If they have to pay 25*l*. of that away, they had far better give up shipowning.

The witness withdrew.

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Mr. A. W. Daniels.

22 April 1907.

Mr. ALFRED WILLIAM DANIELS, examined.

2466. (*Chairman.*) You are manager of the Whitstable Shipping Company?—Yes.

2467. The incorporation of your company took place in 1885?—Yes.

2468. What was the number of vessels at that date and the number of men employed?—There were 16 vessels with 112 men.

2469. And the tonnage of your fleet?—At that time or the present time?

2470. At both dates?—2,100 tons at the date of incorporation, and at the present time 5,372.

2471. Your fleet has grown very largely?—Yes. We have owned a lot of vessels during the time we have been in business.

2472. Are they sailing vessels or steam vessels?—All of them sailing vessels.

2473. The number of vessels up to date is what?—We have 33 now.

2474. And the number of seamen?—214 men now employed.

2475. You have nearly doubled?—Yes.

2476. What losses have you had?—The losses have been very considerable. I have taken them out under different headings. We have had under the heading of collisions 6 losses, and under the head of strandings 20. We have sold out and broken up ourselves 11.

2477. What loss of life has there been from these causes?—From collisions 7, from strandings 35, and 15 from founderings at sea. Two ships foundered with 15 hands, and all hands were lost.

2478. How many lives is that?—That makes an aggregate of 57 lives. That is the total number of losses.

(Lord FARRER in the Chair.)

2479. (*Mr. Cochrane.*) What is the average of lives lost per annum over 20 years?—The average of lives lost works out at 2·72 per annum.

2480. What would it have cost you under the Workmen's Compensation Act?—Since you invited me to give evidence before the Committee, I have found it very difficult to put into figures what it would have cost us if there had been a Workmen's Compensation Act in operation, for the reason that we do not know how many of these people had dependants.

2481. You have not any estimate?—I have estimated that at least the masters and mates would have dependants upon them, and that about 67 per cent. of the remainder of the crew would have. I work it out as leaving about 23 per cent. of the whole number engaged as not having dependants. The wages in the lower branches of the service are not very big, so that probably (but this is a mere guess) after all the working of the Act would have cost us about 200*l.* a year.

2482. Amongst your 32 vessels?—The numbers have varied from time to time. Sometimes there have been more and sometimes less, and as I said just now, this is the merest guesswork as to the figures. I found it impossible to get data that would enable me to get exact figures to put before you.

2483. You do not include all the fishing vessels at Whitstable?—No. These are all trading vessels trading on the coast.

2484. Do you include all the trading vessels?—No, only those vessels owned by the Whitstable Shipping Company, there are others.

2485. Do those outside your company insure?—Yes, they do already insure in one or other of the protection clubs.

2486. The mutual assurance associations?—Yes.

2487. They all manage to insure?—Yes.

2488. There is no difficulty whatever?—There is no difficulty whatever.

2489. Do you think that the various clubs already in existence for the protection and indemnification of shipowners against liabilities of many kinds will be able, without any alteration or extension of their rules, to undertake the liabilities that will arise under the Workmen's Compensation Act when it comes into operation?—Yes.

2490. You think that your association will easily be able to overtake the added work?—Yes, I think so. I was asked by the whole body of shipowners, who held a meeting about the time that the Bill became an Act, to put the question to Messrs. John Holman & Sons as to what their position would be with regard to their association after the Act came into operation, and I was empowered by Messrs. John Holman & Sons to inform the shipowners generally in Whitstable that they would undertake the risk, as they already undertake the employers' liability risk and the risk at common law.

2491. Have you any evidence as to the premium that may be charged?—Messrs. John Holman and Sons assume that it will cost them about 3*d.* a ton on the tonnage in the association, which is a considerable tonnage.

2492. That will cover all claims under the Workmen's Compensation Act?—Yes.

2493. And employers' liability and common law?—It will be 3*d.* additional for the Workmen's Compensation Act liability.

2494. 3*d.* additional for the Workmen's Compensation Act alone?—Yes.

2495. They are already covered for the others?—Yes.

2496. You do not work out the percentage on the wages?—The London clubs propose to undertake the liability on a tonnage basis. There has been a good deal of argument between the clubs as to what the proper footing should be, but I think I am correct in saying that at any rate the southern clubs will start on the tonnage basis.

2497. Would it be about 70*l.* on 5,000 tons?—Between 60*l.* and 70*l.* We may have been unfortunate. A large number of the lives were lost under exceptional circumstances. To take, for instance, losses by stranding, there were 30 lives out of 35 lost during one of those exceptional gales that sometimes visit the East coast. They may happen once in every ten years.

2498. Leaving out that exceptional case, what would your average have been?—It would have been very small, only 27 lives lost instead of 57. No one can say that the same thing may not occur next year.

2499. You think that the existing machinery of the clubs can be used for the purpose of dealing with the new liabilities immediately the Act operates, and that no new organisation will be required?—Yes.

2500. Have the managers of the clubs already had a wide experience in dealing with claims for personal injuries at common law?—Yes.

2501. You anticipate no increase in the cost of management beyond a possible increase in the clerical staff?—No.

2502. On the other hand, you think that if the Post Office undertakes to insure shipowners against the new risk, a department will have to be established for the purpose and a premium charged sufficiently high to cover not only the claims that may accrue, but the cost of administration as well?—Yes.

2503. You doubt whether any public department can manage the shipowners' affairs so well or so economically as he can do himself through the medium of the clubs where he has a voice in the management?—Exactly.

2504. Where there are no clubs what will happen to the small shipowner?—I think that the small shipowner will be driven to the protection club. Where he is not already in such a club he ought to be. There are so many liabilities that a shipowner comes under, under certain circumstances, that it is really unsafe for a man to be running about the sea with his ship not protected. We differentiate between insurance and protection and indemnity. These clubs protect and indemnify owners against various kinds of liabilities. They do not take lines of insurance on the hulls of the ships.

2505. We have been told that some of the existing protection clubs or mutual insurance societies are

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going to dissolve on account of the unknown liability that will be thrown upon them by the Workmen's Compensation Act?—I am surprised to hear that. I am the secretary of a mutual assurance association and in our mutual assurance association we have never touched liabilities at all. We insure hulls alone. We cover the owner against risks to his ship from perils of the sea, collision, stranding, and so on, but we do not touch any liability such as employers' liability, workmen's compensation liability, or common law liability, or collision with fixed objects such as dock gates, and so on. We leave all those matters of liability to the protection clubs.

2506. The protection club at Portmadoc, we were told in evidence, is going to wind up the protection section of the association?—I can understand that.

2507. The last witness said "The owners constituting "the Portmadoc Mutual Association passed a resolution "to wind up the protection section of their association"?—I can understand that; we should not feel able at Whitstable to undertake the liability under the Workmen's Compensation Act.

2508. The loss of one ship with all hands would break your club?—I do not think that it would break it, but it would be a very serious call on the members of the club. A second one coming on the top of the first probably would.

2509. How do you suggest that this liability should be met?—I suggest that it is already met as far as our ships at Whitstable are concerned by the fact that all the vessels without a single exception to my knowledge are already in a protection club.

2510. If you had serious loss, you said, I thought, that it would be more than your protection club could meet?—We do not protect. We insure the hulls of the vessels, but we do not insure the owners for any liabilities at law.

2511. How are they covered then?—They are covered by entering their tonnage in a protecting and indemnity club. There are a number in London. John Holman and Sons have nearly all the vessels in Whitstable. Messrs. Tindal, Reilly and Company have a few. John Holman and Sons, I think, is the biggest.

2512. They insure against workmen's compensation?—Yes.

2513. What rates do they charge?—They do not charge any premium at all. All the claims that accrue are divided over the owners of the vessels *pro rata* to the tonnage entered, so that having already your organisation at work, it simply means that the cost to the owners insured will be increased by the amount of claims paid. I do not at all want to minimise it.

2514. You have 214 men in your company?—Yes.

2515. Thirty-two ships?—Yes.

2516. If one ship is lost with all hands, that is with about eight hands?—Yes, about that.

2517. If there was a liability with regard to each of those hands of between 150*l.* and 300*l.*, what would happen?—We should go to John Holman and Sons and say, "This vessel is lost, you must deal with these claims." We should hear no more about it.

2518. How would they deal with it?—They would settle the claims by negotiation or they would get the claims adjudicated upon if they thought fit. They would pay the claims out of the funds they have in hand. Every vessel entered in the association has to deposit an amount of 1*s.* 3*d.* per cent. on a value calculated at 15*l.* per ton. That amounts to a good deal of money. It is provided for the purpose of paying out claims instead of calling on the members as claims arise. At the end of the year they issue calls to cover the whole of the claims accruing during the year divided over the tonnage *pro rata* as I said just now.

2519. In the case of a total loss or a series of losses that fund would be insufficient, would it not?—I do not think so. I do not know the amount of the fund, but I know that we have never had any call from Messrs. John Holman and Sons during a very long experience except at the end of the year when the accounts are made up.

2520. But you have not been responsible under the Workmen's Compensation Act?—No, but we are responsible with regard to a good many claims besides the Workmen's Compensation Act unfortunately. Shipowners have always had liability with regard to injury to seamen at sea, hospital expenses, burial and so on, and all sorts of matters on ship and on shore.

2521. A new obligation has been imposed upon them under the Workmen's Compensation Act that they never had before?—Yes. I hope that Messrs. Holman's estimate will be proved to be a correct one, and if so it will not prove so onerous as at one time it was thought it would be.

2522. What do they estimate?—That the 3*d.* per ton will cover the liability.

2523. On the small sailing ships?—Yes.

2524. Do they quote to others besides the Whitstable shipowners?—Yes, they are open to anybody that can enter.

2525. We have been told that ordinary insurance companies will not quote a price?—You can hardly regard this as an ordinary insurance company. I tried to explain just now the difference between a premium for insurance and a cover for liabilities. The ordinary insurance companies want to know what they are going to cover. Lloyds, for instance, want to know what their risk will be, and they can calculate a premium accordingly. Here is an unknown liability. The clubs step in and say, "All of you come together and spread "the liabilities, whatever they may be, over the whole "tonnage. Share them amongst you." There is no premium charged at all.

2526. How do Messrs. Holman make a profit?—They make a profit, I take it, out of the 2*d.* per ton entrance fees.

2527. (*Chairman.*) You are a mutual insurance society with Messrs. Holman as your managers?—That is what it comes to. All the ships entered in Holman's form a big mutual club.

2528. They do not take such a pessimistic view of the liabilities which will accrue under this Act as the companies do?—No, they do not.

2529. (*Mr. Denman.*) What trade are their ships engaged in?—Wood. They are sailing vessels.

2530. In the Baltic trade?—No, they are entirely employed in the coasting trade, principally on the East coast and Channel.

2531. What sort of tonnage?—We have them from 120 tons register up to 300.

2532. I suppose that the owner has to come up to certain standards?—No.

2533. You say that any ship can enter?—It does not matter to the club much what the ship is like.

2534. I understand that Messrs. Holman do not carry on protection insurance?—I am afraid I have not made myself clear. John Holman and Sons is purely a protecting and indemnity club.

2535. Is it not clear to you that the risk under the Workmen's Compensation Act will vary very much in accordance with the condition of a particular ship?—Yes, no doubt, but there is a department already looking pretty keenly after the quality of the ship—the Board of Trade. We never get out of sight of it.

2536. But would it be possible for a mere protecting and indemnity association that does not regard differences of ships to charge one premium to cover the workmen's compensation risk on very varying classes of vessels?—I do not think so, because charging no premium they are not concerned with the condition of the ships as I said just now, and I think that you can pretty well rely upon it that the Board of Trade, who have to look after the quality of the ships, do so with a considerable degree of ability and care.

2537. You will admit that the varying coasters constitute different risks?—Yes, no doubt they do, and the part of the coast they trade in makes a difference.

2538. Speaking quite generally, I suppose you would say that of all classes of workmen's compensation risks few would be so difficult to deal with as those

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Mr. A. W. Daniels.
22 April 1907.

attaching to owners of sailing ships?—Yes, I think you might say that.

2539. (*Mr. Davies.*) When you speak of an organisation able to deal with claims on their merits, are you thinking that there will be a certain number of claims not well founded?—I think it is quite likely. In going through the figures of the losses it occurred to me that I ought to make an allowance for those men who were lost without having dependants. I feel pretty sure now on thinking about the matter that that will never occur in the future. When the Workmen's Compensation Act comes into operation I think there will always be dependants. I take it that the onus of proof of that would lie with the claimants, and it might be that those claims would have to be investigated. That might well happen. That could be undertaken by an organisation such as I have described, better than perhaps by a public department. They certainly would have an interest in protecting the shipowner.

2540. Do Messrs. Holman take the whole of this class of risk that they charge 3*d.* a ton extra for?—They do not charge 3*d.* a ton. They estimate that it will cost the shipowner entered in the club 3*d.* a ton.

2541. Who pays the claims? Messrs. Holman?—All the owners that are entered in the association eventually pay *pro rata* to the tonnage entered.

2542. Messrs. Holman merely make the calculation for you?—They make the calculation for us.

2543. You are really doing your own insurance?—Yes. As far as my own company is concerned, we do not insure the hulls at all.

2544. It has been suggested to the Committee that the risks arising out of this Act will drive a number of owners of the small coasting vessels to register abroad; do you believe in that?—No, I do not. There are difficulties in registering abroad, and I do not know that there is much advantage to be gained from it either, because there are Workmen's Compensation Acts in operation in other countries besides this. I know there is a very stringent one in Holland, and I believe that in Spain shipowners have had to pay for losses for a considerable time.

2545. You would say then that that is an alarmist view?—There are certainly difficulties about that, but I should think it probable that they would register abroad if it were not for the difficulties that would be in their way.

2546. There is another suggestion, namely, that the owners would refuse to take more Englishmen on board than they were absolutely compelled to?—There has been a good deal of controversy about the foreigner in British ships. My experience is a pretty good one, because I have had to do with the sea ever since I was 13, and I think we are getting soft as a nation, and the boys will not go to sea. We have numbers of boys in our ships; they go for one voyage and clear out. They are not of the same breed as Frobisher and Drake and so on, now-a-days. That is borne in upon me. There is no question of the difference between when I first went to sea, and now. The food and the accommodation and the conditions altogether have been vastly improved, and yet you have a difficulty in getting boys. You see what strenuous efforts are being made now by shipowners by such projects as the Port Jackson, and so on, to get boys to go to sea, but they will not go. We are getting too grandmotherly, I am afraid.

2547. That applies to boys. What about men?—What is the use of sending a man to sea. He is no use; to make him a sailor you must catch him young.

2548. There are not more men offering as qualified sailors than there are places for, I suppose?—I think not. I am sorry to say that we get a great many foreigners in our vessels now.

2549. A third point suggested was, that owners would, as far as possible, take no men on board with dependants of any sort under this Act?—I think if they had the choice, that would perhaps operate, but I do not think they had. There are not more men wanting to go to sea than there are places for them to fill. That is my opinion.

2550. (*Mr. Kirkwood.*) In your opinion, have the owners of the small coasting vessels any difficulty in insuring under the Workmen's Compensation Act?—No, none whatever.

2551. They can do it perfectly well through Messrs. Holman, or similar associations?—I have no brief for Messrs. John Holman except that I know them, and I am in the association myself.

2552. There is no difficulty in getting insurance through Messrs. John Holman or kindred associations?—No. The various associations offer inducements to insurers to come in.

The witness withdrew.

Adjourned to Thursday next at 11 o'clock.

General Post Office, Thursday, April 25th, 1907.

PRESENT:

THE LORD FARRER (*Chairman*).

H. DAVIES, Esq.
The Hon. R. D. DENMAN.
L. J. HEWBY, Esq.
W. G. KIRKWOOD, Esq.
W. G. TURPIN, Esq.

E. RAVEN, Esq., *Secretary.*

Mr. A. H. Gill, M.P.
25 April 1907

Mr. A. H. GILL, M.P., examined.

2553. (*Chairman.*) The way in which we have generally taken our evidence hitherto has been for me to take the points separately and ask the witness to give his views and then the Committee have asked questions. Will that be convenient to you?—Yes.

2554. You wish to speak first of the necessity for insurance. We have had considerable evidence from the Home Office and others as to the scope of the Act and that it will cover practically all classes, I think the number estimated by the Home Office, if I remember rightly, was 6,000,000 that it might cover. Perhaps you will tell the Committee as to the necessity?—Well, my Lord, as no doubt some of you are aware, I took great interest in the Bill, which is now an Act, during its passage through the House, and as you say it will, I believe, include 6,000,000 new workers that have not been under the scope of the previous Acts. A very large number of these workers will be working for small employers who have only two or three workpeople working for them—some of them even less than that. The difficulty to my mind with regard to the small employers is that many of them are very poor, and they will not be able to meet the liabilities which would fall upon them in the case of a serious accident. Consequently their workmen will not get compensation. To get over that I think it is absolutely

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necessary that they should insure against any accident that may occur. I think that the extension is so great that many of them will not even know of their liabilities, because it takes a large number of persons in that were outside the scope before. Some of them employ only one person. Even where they employ domestic servants I think it will not be generally known that they will be liable. I look upon it in this way: Seeing that Parliament has imposed obligations on these people it is the duty of the Government to make them fully cognisant of them. I know it is not usual to send out notices with regard to Acts of Parliament generally, but I look upon this as an exception to almost anything that has occurred previously in its scope, and I think that the Government ought to take exceptional measures to see that the people are made fully aware of their liabilities.

2555. Do you mean that the Home Office ought to send out a circular?—Yes. I will refer to that later. Now if this is not done, or something of the kind is not done, and the small employers do not insure, I think it is certain that in a very large number of cases indeed the workmen will not be able to take advantage of the Act. That is, the employers will not be able to pay. Sometimes it will be through being too poor, and sometimes through not knowing about it. I think that arrangements should be made with sound insurance companies, that is with companies that are approved and have deposited the amount of money which is required by law. I think that arrangements should be made with these insurance companies to supply their prospectuses for the insurance of workmen who work for small employers especially, and that these should be sent to every post office in the United Kingdom. They should always be on hand, so that any person at any time can have one of them. They would then get to know exactly what the scope of the Act is. These, I think, should be placed in prominent positions in each office, and in addition to that there ought to be bills announcing the same, so that people can have no excuse whatever for saying that they did know about the provisions of the Act. That, of course, is a duty that the Post Office does not usually do, but I think that it is absolutely necessary that something of the kind should be done. Personally, of course, I should prefer that the Post Office took the whole matter under their own control, and the whole system of insurance, and did not deal with the companies. With regard to the sending out of circulars, I think that the Home Office ought to prepare a circular to be sent through the Post Office to all employers informing them of their liabilities under the Act, or their possible liabilities under the Act, and making some suggestion that they should insure their workpeople. Seeing that the Act brings some 6,000,000 people under its provisions it is absolutely necessary that something should be done in that direction. This Act was in charge of the Home Secretary when passing through the House. The Home Office have the employers who are under the Factory and Workshops Act registered. They know their addressees, and those that they do not know they can get very largely from the directories in the various towns. Anyhow, an effort should be made in that direction so that people may be able to know exactly what their liabilities are. That, I think, is an entirely new departure. The Home Office does not usually do that kind of thing, but I look upon it as an exceptional Act, and upon that ground I think it ought to be done. There is another thing, an urgent one, which I think should be done, and I am going to make a suggestion. I do not know whether it will meet with the approval of the Post Office officials or not. The Act comes into force on the 1st day of July. There is not long between now and then. It may be that some accidents will occur in the very early days of that month, and if the employers do not know their liabilities and have not insured, the injured persons will be suffering on that account. If the Home Office sends out this circular, then they may have some knowledge. If they are not in possession of a prospectus, and everybody does not come to the post office, I think it would be advisable for the Post Office officials to make some arrangement with the various insurance companies that are approved for the purpose of allowing them to send out their prospectuses at a rather cheaper rate of postage than ordinarily, say for one month only. These, of course, should be handed over the counter in large batches, and if that is done and the Home Office circular is sent, it seems to me that there will be very little excuse indeed for the small employers saying that they do not know the provisions of the Act, or what their liabilities are. It may be said that we are asking that the Post Office should do the insurance companies' business, but it will only be in the case of these companies that have been approved, and that have deposited the amount of money in accordance with the new Bill which is now before Parliament. I think that arrangements should be made with these approved insurance companies whereby the preliminary arrangements for insurance could be made through the Post Office officials. Supposing a proposal form is handed to any person, and he desires there and then fill it up, and to pay the premium. If arrangements could be made whereby the officials in the Post Office could take the premium without themselves incurring any liability, and hand it over to the insurance companies, and let them take the whole of the other arrangements, that would be a good thing. I think that so far as that is concerned, it is a great extension of the work of the Post Office officials, and it ought to be met by payment from the insurance companies to the Postmaster-General. That is about all I have to say. There may be other points raised on questions.

2556. (*Mr. Denman.*) I do not quite follow the last answer. What has the Postmaster-General to do?—Supposing an employer has the prospectus of some insurance company which states that it will ensure domestic servants, say at 3*s.* per year, then the Post Office should receive that prospectus duly filled up, and take the premium and then hand it over to the insurance company in which the person has insured.

2557. Free of all charge to the company?—No. Seeing that extra work is put on the Post Office officials, arrangements should be made with the various companies by the Postmaster-General for compensating them for the extra work performed.

2558. (*Chairman.*) I gathered from what you said that your own views are in favour ultimately of compulsory insurance?—That is so.

2559. And State insurance practically is the ultimate end?—That is so.

2560. This is a means of helping forward the scheme as a possibility before the Act, so that it may not press very hardly on small employers at first?—Yes, just to get over the difficulty at present.

2561. The question of compulsion, as you will recognise, is not referred to us?—Quite so.

2562. Our reference is purely the question of facilities. There are one or two questions that have been raised here on the general points that you have so clearly put before us. What method can be suggested to avoid the Government guaranteeing insurance companies, whose forms it issues at its own offices?—It should be made clear, I think, that the Government do not guarantee anything in that respect. That should be made clear in some circular that is given to the person at the same time as the prospectus is given to him, saying that they simply do it for the purpose of making it easier for the person to insure.

2563. I presume that, as far as the Post Office goes, it would be absolutely necessary in such a case to take some steps to see that bogus companies were not included in the companies that were recommended?—Yes, that is what I suggest—that there should be only approved companies who have deposited the 40,000*l.* as required by law.

2564. The 20,000*l.* or 40,000*l.*, or whatever the sum may be that is going to be required under the new Bill?—Yes.

2565. That is only a palliative. It is not a necessary sign of a solvent company that a particular sum is deposited?—That is what the Bill provides for, and it is looked upon as making it solvent.

2566. I quite admit that the Bill provides for that, but it does not necessarily mean that a company is a solvent one. It only prevents the beginning of mushroom companies?—That is so.

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2567. But the question that is in my mind when I am asking you about this is, are you in any danger of strengthening the ring, if I may call it so, of insurance companies by a State guarantee to certain of them?—There is a possible danger of that taking place, but I think the State should make it clear that they do guarantee.

2568. The conditions are the real difficulty of this particular scheme with regard to the Act?—Yes.

2569. Perhaps I might go on further to ask you whether you see any objection to a payment of a percentage to rural postmasters or others if they get insurance business for the companies?—No. I do not see any objection. I think that if they have extra work they are entitled to extra pay.

2570. You do not think that the Labour Party, if I may put it in that way, would feel that there was a privileged class of people being paid by large private companies?—I do not quite follow you.

2571. Supposing, we will say, that fifteen insurance companies were acceptable under the conditions, and the rural postmaster devoted a good deal of his time to getting business for those companies, you do not think there would be a strong feeling arising that he was being paid by private companies when he was a State official?—No, I should not think so, because I suggested some time ago that the Postmaster-General ought to make arrangements for the extra work that is performed for the companies to be paid for through him, and that if anything extra has to be paid it should be paid from the Post Office.

2572. An individual man would probably have to take the most trouble?—Yes.

2573. And therefore you think that he might fairly be given, although a State official, a certain payment for it?—Yes, not to be paid by the companies, but to be paid by the Post Office direct to him.

2574. You mean a form of insurance is taken out at, let us say, Bolton chief office, and that an account of that should go through a central office and be repaid after a certain time to the man who gets the business. Is that your idea?—All account of it should be taken and on account of the business that the man has got, or of the extra work that the man has had to perform, some allowance should be made to him.

2575. You probably have not read the evidence given to us. The companies take very strongly the view that no business is got without very active canvassing. That may or may not be so, but if canvassing is necessary, presumably the man who canvasses is the man who gets the business?—Yes, as a rule.

2576. How would you be sure that the man who was doing the work was getting his reward if you did not pay him direct. I understand you to mean that the whole of the monies paid by the insurance companies should be paid into a central office in London, or wherever it may be, and then redistributed?—Yes, on a certain fixed scale.

2577. I am merely an advocate for the other side for the moment. Might there not be a danger of the Bolton postmaster, who is a biggish man, saying he had got 600 new insurers, whereas it had really been his rural postmen who had got them?—I should not think there would be that difficulty, because it is easily traced where it comes from. If a rural postman has got it, it will come from a certain outside district and not from the central post office in Bolton.

2578. To go to another point. The notice is really a thing for the Home Office to take the initiative in, it seems to me, rather than the Post Office, but you think that the Post Office ought to assist in it by means of publicity in some form or other?—Yes.

2579. Now are you rather afraid of bankruptcy. There has been very conflicting evidence. Some of the Home Office inspectors say that they do not think there is the slightest chance of anybody going bankrupt through not insuring and getting a large claim made upon him. Do you think there is any fear of that?—I think that there would be some difficulty in that respect. I have heard of cases where they have been unable to pay. I heard of a case a short time ago in Bolton where a man who was working for an employer in the building trade had his leg broken. The employer had only two or three workmen. He had not insured. The man asked for compensation. The employer said, "I cannot pay you; I have not any money myself and I am not insured." What the man did to get compensation I do do not know. I have not followed it up, but I know that that did occur, and there have been many similar cases.

2580. You have not personally heard of many cases of bankruptcy under the old Acts?—No, not of bankruptcy.

2581. This Act may bring in a very large number of new persons who have not such means as those who came under the old Acts?—Yes, generally speaking, those who are under the old Acts are men of means and larger employers.

2582. Now what small employers do you think are really ignorant of this Act? There again we have the most conflicting evidence, I ought to say. The insurance companies take the line that practically speaking there is nobody now in this country who has not had insurance pressed upon him in every direction, except possibly seamen. Do you think there really are people who are ignorant of the Act?—I have no doubt about it.

2583. There is hardly a newspaper that has not been taking it up?—The newspapers took it up, but they did not give it as fully as is necessary for the purpose of the different classes knowing.

2584. Do you think that women employers who keep one servant are the class of person?—That is one class and it is a very large one. Then again there are the small employers in the building trade, such as plasterers, who have one or two workpeople working for them, and others repairing property and pulling property down and so on, and small painters and decorators and people of that class. Then there are people who have very small workshops with only just a few workpeople, who are people with very little capital. A large number of those classes are brought under this Act.

2585. Even in Lancashire?—Yes, even in Lancashire, in the large cities especially.

2586. And in the rural districts?—I think it will be worse in the large cities than in the rural districts.

2587. You think they are worse with regard to not knowing what Acts of Parliament are?—No, I am speaking with regard to not being able to meet their liabilities.

2588. That really is the class of employer you are thinking of—quite small people who do not consider?—Yes.

2589. The argument of the other side has been that there are a very large number of people who do not think that it is worth their while to insure. They are willing to take such risks as are run in their trade. Take, for instance, the book-binding trade. We have had evidence of that class?—Yes.

2590. (*Mr. Denman.*) You spoke first of the necessity for insurance. We are all agreed as to that; but do you find that there is any need for further facilities for insurance?—Yes, I think so. I stated that in my evidence. I think that people will not know their liabilities.

2591. Yes, but there is a difference between a necessity for promulgating knowledge and a necessity for providing further facilities than at present exist. The evidence which we have had before us hitherto has shown that the companies have throughout the Kingdom a very complete organisation of agents?—Yes, they have a complete organisation of agents to deal with the matter as it is at the present time, but there is a complete revolution. They have been dealing chiefly with large employers. Where they have had one employer who has employed 1,000 people, they may have 200 or 300 employers employing only the same number, and there is great need for the extension of the scope. If they are to act without any extra facilities being given it will almost be a system of canvassing from house to house in some districts.

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2592. The 1900 Act introduced a class of small farmers?—Yes.

2593. We had evidence to show that those small farmers were canvassed, and in a great many cases insured, up to almost 95 per cent. of their number?—Yes.

2594. Do you think that there are classes whom the insurance companies would pursue less vigorously than they do the small farmer?—I should think so. They are not able to get at them as readily. Everybody knows where farmers are in the agricultural districts. They are easily located. But it is not as easy to locate the number of small employers in large cities. It is not quite as easy with regard to those who will be brought under the Act.

2595. What class of employer are you there thinking of?—I am thinking very largely of the slipper makers and the small workshops where the making of clothing is carried on, but those should be registered under the Factory and Workshops Act. Then there is the class I mentioned a short time ago—plasterers and repairers of property, and employers that have only one or two men and sometimes only work casually. They are here to-day and gone to-morrow.

2596. They are employers, I suppose, with recognisable headquarters?—Their headquarters are their own houses, sometimes. A man simply has a notice in his own window: "So-and-so, Repairer of Property," say, "Robert Price. Repairer of Property." That is the only notice that there is. It is his own cottage that is used as his headquarters. There are plenty of that class of people.

2597. Is that class of person less accessible to the insurance agent than the farmer in a rural district?—I should think so. Farmers are easily located. You know that wherever there is agricultural land you find a farmer.

2598. I should have thought that wherever you saw a cottage with a notice you would know that there was an employer?—But there are so many of these small ones.

2599. What you want primarily is that these employers shall have a knowledge of the existence of this Act brought home to them. Your first desire is that these small employers should be informed of the existence of the Act?—Yes, I desire that, so that they shall have no reason for saying that they did not know what their liabilities were.

2600. Therefore the chief function that you wish the State to perform at present is that of an advertiser?—Very largely.

2601. You want the State to make plain to all possible employers the existence of this Act?—Yes, that is so.

2602. If the State did that would you still think that the facilities already supplied by insurance agents were inadequate?—Yes, I think they are inadequate.

2603. In what way do you think they are inadequate. Do you think that there are post offices in villages where there are no agents of insurance companies?—Yes, any quantity. I think that there are very few agents indeed in the villages.

2604. Really? — Yes. They go from the large towns and they canvas the people in the villages now, but there are very few agents in the villages.

2605. That, I think, is rather contrary to the evidence that we have had from the companies themselves?—Is that so?

2606. Yes.—I should be surprised to know that there are many agents in the villages, but I am speaking now purely from casual observation.

2607. Further, you would desire that policies should be obtainable from any kind of post office?—Yes. Proposal forms should be allowed to be filled up and the premiums paid at any kind of post office, but the companies themselves should afterwards make all the inquiries they thought proper and then issue the policy direct to the person.

2608. You appreciate the administrative difference between head offices and sub-offices?—Quite.

2609. You think that the provision of facilities at sub-offices only would not be adequate?—I do not think they would be adequate, but I think they would be adequate afterwards, and they would be very useful in the small villages where the postmaster knows everybody and everybody knows him. It would be much more likely to be talked about in those villages than it is even in large towns. I think it would be very useful especially in the villages.

2610. If it were possible to have a scheme that applied only to sub-offices that would to some extent meet your wishes?—It would partly meet them, but only partly.

2611. Head offices, of course, are generally situated in the wealthier parts of towns, and sub-offices congregate more in the regions where there are these small employers?—The head offices are, I suppose, generally in the centre of the towns.

2612. Yes?—And a great many people visit them. A postal order is often made payable at the head office, and not at the sub-office. A man goes there with his postal order; he sees these notices, and he sees at once that facilities are there being granted. He might never have known it but for that. I should not think it wise to confine it to sub-offices.

2613. You talk of sending circulars to all employers. It would be rather difficult to discover the employers?—I quite agree that it would be difficult to discover them, but an attempt could be made and the great bulk of them could be discovered. A very large number are registered now at the Home Office. The factory inspectors know them. As to others who are employers a large number can be found in the directories. I appreciate the difficulty of doing it, but still I think it is worth the effort.

2614. I suppose, if the factory inspectors in the course of their visits mentioned this Act and talked about it, you would think that a valuable assistance?—I think they do that now especially where accidents occur. It is constantly done. A question is often asked with regard to compensation. I have had that asked myself by factory inspectors.

2615. That would cover a good deal of the area of the small factory and workshop employers?—That is more largely done in the case of large factories. You see they have not had the experience of the small employer in that respect because the very small employer has not come under the Act, *i.e.*, those engaged in workshops.

2616. In your evidence before the Committee of 1904 you complained of the small sums for which companies were disposed to commute?—Yes.

2617. Is that a serious evil, do you think?—It has been a very serious evil and if it were not for the large trade unions looking after the interests of their members I think the injured people generally would not get anything like adequate sums. They would get very inadequate sums indeed. They do not understand upon what basis commutation should be and they cannot reckon it up as a rule. The trade union officials are generally able to get better sums than the injured persons themselves would individually. I have had large experience in that direction myself.

2618. There would be less of that evil under the new Act than under the old, but you still think that there will be a substantial evil?—The evil will still exist to some extent, because they will still be allowed to commute by arrangement, but the evil is reduced where commutation has to be made in court. There is a definite fixed scale now as to what it shall be.

2619. You would expect that any companies for whom the State took any responsibility whatever with regard to recommending or advertising would have to deal with such cases more favourably than they would if they were acting purely in their private capacity?—I should think so. I think the very fact of the State recommending these companies would make them more careful, and would perhaps make them treat the people better than they otherwise would, because if any serious objection were taken against these companies afterwards, the State would no doubt consider the position.

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2620. The State might knock them off the list?—The State might knock off the list any company that did not treat the workman fairly.

2621. So that from that point of view you would regard Post Office action of any kind as of value?—Yes, I should.

2622. (*Mr. Davies.*) You think that the point of first importance is to spread the knowledge of the increased liability under the Act?—I do.

2623. Do you think that a bill at all post offices would be a useful thing?—Yes; I suggested that a short time ago.

2624. Not a distribution, but simply a placard I am speaking of?—That would be useful. I think that it should announce that prospectuses can be obtained inside the office. The bill in the window should announce that.

2625. I am thinking of a bill without that, simply setting forth in easy language the increased liability?—That would be something, but not sufficient, I think.

2626. Supposing the Post Office exhibited a bill, making clear to everybody who read it the increased liability under this Act, and supposing the Post Office itself took up the insurance of very small risks, such as, say, domestic servants, do you think that if the Post Office undertook a very limited class of business, an easy class of business, the mere fact of the Post Office doing a part of the business would lead to many applications to the Post Office to do other parts that they could not accept?—I think it would.

2627. Do you think that would be helpful in spreading a knowledge of the general liability?—I think it would, and I think it would be helpful also in touching on the question of compulsory insurance later.

2628. But that is not in our reference?—No.

2629. You know that this liability insurance is an extremely complex business—much more complex than life insurance?—Quite so.

2630. But it is conceivable that without any previous experience a simple part of it like domestic servants, for instance, could be tackled by the State if they thought it desirable?—Yes. I wish the State would tackle the case of domestic servants. I think that that would be the simplest part of the business, and in my opinion the part that would pay the best. I see very little risk with regard to domestic servants.

2631. You think it would be worth while both for the accommodation it would give and for the knowledge which it would spread for the Post Office to take up that part alone?—I do.

2632. (*Chairman.*) When you say that it would pay best, I suppose it depends on the premium?—I am taking it on the premium that is now being put forward—about half-a-crown.

2633. (*Mr. Davies.*) I suppose that a good many of the small employers whom you have in your mind would be people who perhaps do not keep a domestic servant?—Yes.

2633*a*. A good many of them?—Yes, any quantity.

2634. Those who did keep a servant and had liability also for workpeople would want all their insurance included in one policy?—Yes, I should say so.

2635. Do you think that the Post Office would find it practicable to keep up its limitation of only insuring a particular class?—Yes, I think it is practicable. As I said before I think it is advisable to extend it if possible, but if it is made clear that they only take domestic servants then there ought not to be any difficulty. They could simply refer them to a company.

2636. You think that that would be a good step to begin with?—Yes, I do.

2637. Supposing that all small employers appreciated their liability now, do you think they would have any difficulty in getting insured as it is?—No, not if they appreciated their liability now, but I think they do not know their liability.

2638. Exactly?—And they cannot appreciate something, the existence of which they are not aware. If they knew of it they should get insured.

2639. As to this suggestion of yours with regard to cheap postage, did I understand rightly that it is to the insurance companies only that you would make this reduction in order to enable them to scatter circulars?—Yes, just for the month of June, ending the 1st July or thereabouts, so that they will know when the Act comes into operation.

2640. Do you not think that the insurance companies would be exceedingly glad to pay full postage on the off chance of doing business. They have not spared money in postage?—They might, but I was thinking that we could make more sure of getting the people made aware of the fact, and I do not know that it would not pay the Post Office to do it. They would get much more business.

2641. I think the insurance companies have sent and are sending all the circulars that they think it worth while to send, and that they are not restrained in any way by the cost of postage, and that if you could put them on to the barest possibility of business they would cheerfully pay the postage. I do not quite understand into what new field the offer of cheaper postage would tempt them?—It is purely a question of advertising, so that they would let as many people know as possible.

2642. There seems to be hardly anybody who has not received one or more circulars now?—I am not aware that that is so.

2643. I quite see your point as to the desire to spread the knowledge?—That is the only object I have.

2644. I think the insurance companies are quite ready to spread that knowledge at the ordinary postage rates, if you can tell them how to spread it more widely?—I follow.

2645. I do not know what they could do with cheaper postage that they do not do already. Can you make any suggestion as to that?—With regard to what they are already doing I do not think they are sending to all small employers. I think that they might send to a larger number of small people perhaps on the off chance that they were employers.

2646. With regard to your idea that the Post Office might act as agent for selected companies, the companies to pay, probably you inferred from what you heard from the Chairman and Mr. Denman, that the insurance companies have told us that they think it would be quite impracticable for the agent of a Government department to attempt to make any selection between different companies. It would be bound to lead to friction?—I do not suggest that the agent of the Post Office should make any selection.

2647. Should you leave it to the proposer?—I should leave it to the proposer. I would give him the prospectus and let him decide for himself which company he would insure in.

2648. (*Mr. Turpin.*) The insurance offices told us that there are 40 companies in the Accident Association. Would you propose to give an applicant 40 prospectuses to choose between?—No. I should let the prospectuses be there and let him take them himself. I should have them available on the counter the same as other things are.

2649. It would be practically impossible?—Would it, do you think?

2650. Yes. You could not lay out 40 different prospectuses?—It might be done in this way—that the applicant would ask for a prospectus and say which company he wanted to insure in, and you would give him whichever he wanted. It is a matter of detail.

2651. (*Mr. Kirkwood.*) With regard to the question of cheap postage, the cheapest postage we have now is a halfpenny?—Yes.

2652. Perhaps you might indicate what reduction should be made on the halfpenny? An insurance company can send 2 ozs. of advertising matter for a halfpenny. Would you propose that the Post Office should carry that for a farthing?—What I had in my mind was this: if they were deposited at the post offices in batches of say 100 to 500, they might be charged perhaps at 2*s*. 6*d*. a 100, if there is necessity for it, but you say there is no necessity.

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2653. Still, I do not quite follow what your plan is with regard to cheap postage. Is it that the insurance companies should send large batches of circulars to certain offices?—Yes.

2654. And that they should be distributed by hand from those post offices. That would not be postage really; it would merely be distribution of circulars by postmen?—I did not mean that. I mean that they should be handed over the counter and stamped in the ordinary course, and then delivered by the postman, directed beforehand.

2655. But we have no lower postage than the halfpenny postage. How would they be stamped? It is legally impossible for the Postmaster-General, I should imagine, to accept anything to go through the post for less postage than a halfpenny. There is no form of postage which is less than a halfpenny, and anybody for a halfpenny can send 2 ozs. of printed matter. Is it not a cheap enough form of postage for any insurance company to be able to distribute all over the United Kingdom 2 ozs. of printed matter for a halfpenny?—I should not expect 2 ozs. of printed matter to be distributed in this way. The proposal for insurance would not be anything like 2 ozs. It would be a small matter.

2656. It does not matter what weight it is; it may be up to 2 ozs. for a halfpenny?—As I said originally, I think it is not done as largely as it might be for the purpose of getting it advertised. I am not strong on that point, if it can be done without.

2657. You propose that the Post Office should act as agents for certain insurance companies?—Yes, so far as taking proposal forms and the premium is concerned.

2658. The insurance companies for which they would act as agents would be those who satisfy the requirements of the new Act that is about to be passed, as regards the deposit of 20,000*l.*?—Yes.

2659. Probably there may be 60 or more companies of that kind who would quite satisfy the requirements of the Act?—Yes.

2660. Can you indicate how the sub-postmaster could make a selection from those companies. The applicant who went into the office for insurance would doubtless ask: "Which company do you recommend?" There would be 60 offices or more the names of which would be exhibited at the post office and the sub-postmaster would say, "There is a list of the com-"panies. I can give you a prospectus of any company "you like." The applicant would then ask, "Which company do you recommend"? And then the sub-postmaster's answer would be, "I do not recommend any"?—Quite so.

2661. Do not you think the insurance companies would find some means of getting at the sub-postmasters in such cases and giving them certain inducements to recommend their companies?—Yes, I can imagine that attempts would be made in that direction, but still the postmaster would have his instructions as to what he ought to do, and it would be an offence, I take it, to listen to the insurance companies in that way.

2662. You would pay the sub-postmaster a small commission, I suppose, for doing the work?—Yes. I should insist on the companies making some arrangement with the Postmaster-General, and the sub-postmaster should be paid a small commission from the Post Office, and not direct from the company.

2663. Take the case of the head offices where we do not pay the postmaster by commission. We pay the postmaster a fixed salary and we pay all the staff by wages. How would you arrange in such a case?—I should pool the lot and divide it equally between those who have to do the business.

2664. There might be a considerable number who had to do the business. There would be a considerable number employed at the counter, and those who are employed at the counter might not always be on counter duty. They might be on other duties in the office. They might be changed periodically. Would you take all the commission which the insurance companies would pay for the business and divide it amongst the whole staff. Is that your proposal?—The whole of the staff that are engaged in the work. I think that would be the easiest.

2665. We have had the question under consideration whether there is any scope for a policy which would be limited to permanent disablement and death and would exclude temporary disablement for, say, four weeks or eight weeks. Perhaps you could give the Committee your views upon the desirability of issuing a policy of that kind?—I should not like such a policy. I think that if a policy is issued at all it ought to cover all the risks in connection with this.

2666. Not even if a policy could be issued for permanent disablement and death at a considerably lower rate by excluding temporary disablement?—No, because there are so many more persons who are temporarily disabled. The great bulk of the cases are temporary disablement lasting only for a very short period.

2667. But in those cases which only last for a very short period the employer might quite well be able to find the money to pay the workmen during the period of temporary disablement?—I have not found that so. He may be able to do so, but as a rule, the opposite has been the case. That is to say, the insurance company have generally taken the whole of the risk and he has simply referred to the insurance company at once as soon as the accident has occurred. I think that the simpler method.

2668. You do not think that employers would be willing to take the lesser risk if they could insure against the greater risk of permanent disablement and death?—I do not, because permanent disablement and death are such small risks that it is hardly worth their while to separate them. In some trades there is seldom a fatal accident.

2669. But when such an accident does occur it involves a very heavy liability under the Act?—That is so, but in some trades there are so very few that I do not think it is wise to make the division suggested.

2670. (*Mr. Hewby.*) Do you think that a Home Office circular, such as you suggested, would really have the effect of making small employers insure who otherwise would not do so?—I think it would have that tendency.

2671. You think that they really would take notice of it. They would not throw it in the fire?—I am certain they would take notice of anything that was sent from the Home Office and was specially directed to them. I have no doubt whatever about that.

2672. (*Chairman.*) They would pay more attention than they would to the Post Office?—It is for the Post Office to deliver it.

2673. (*Mr. Hewby.*) The sort of people who are not aware of their liabilities under the Act would, I suppose, be rather illiterate people who are not accustomed to reading printed matter with care and attention?—You may call them illiterate people, they are people generally who read the newspapers but do not take much notice of legal matters. This is purely a legal matter. They are not illiterate by any means.

2674. (*Mr. Kirkwood.*) In connection with the issue of a circular from the Home Office, your idea would be that the Home Office would prepare circulars on the subject and would hand them over to the Post Office, and the Post Office would distribute those circulars with the letters, sending them out by the postmen?—Yes.

2675. Delivering them at the various houses with the letters?—Yes.

2676. Do you think that if circulars of that kind were just put into the letter boxes by the postmen on their rounds it would have a very beneficial effect in drawing the attention of the small employer to his liability under the new Act?—Yes, I do.

2677. (*Mr. Turpin.*) I do not think in your evidence, so far, you have advocated the Post Office taking up these insurances generally, have you?—In the first instance I did, but I understand the Post Office are not prepared to do it.

2678. We are considering that question?—That is what has been generally understood. I think that it would be better if the Post Office would take up all insurances whether compulsory or not. The question of compulsory insurance is not within your reference, but I

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think it would be better if the Post Office would take up all insurances.

2679. If the Post Office took it up you would be perfectly satisfied with the advertisement that would be got and everything else?—I take it, it would be the duty of the Post Office to advertise it as widely as possible if they took it up, and I think the people would be better satisfied and would think they were more secure if the Post Office did it.

2680. And your views would be met in every respect if the Post Office took it up?—Yes, if they did their duty by advertising sufficiently.

2681. (*Chairman.*) We have also had referred to us, though we do not intend to consider it at present, the question of life insurance by the Post Office. You are doubtless aware that the terms for that are not at all excessive; in fact I understand that they are rather better than the companies offer, and yet their business has been exceedingly small. What is the reason, do you think, for a different condition in regard to accident insurance if the Post Office took it up?—The reason I take it is this, that so far as life insurance is concerned, the country is completely overrun with agents now. There are a large number of companies that take life insurance and they have hundreds of agents, sometimes a hundred in a town. These people go from house to house, day by day, in fact they have to make their living in that way. Consequently people know. They are canvassed constantly, but they will not be canvassed constantly for an insurance under the new Act, which is only paid once a year. Life insurance is generally under the industrial branch, paid in weekly premiums of 1*d.* or 2*d.* a week. There is the ordinary branch with yearly premiums which is rather different, but the bulk of the business is done the other way. It depends purely upon the question of canvassing.

2682. That is to say, you do not think that this particular business that is now going to be brought into operation will be canvassed for in the same way?—No, not by any means to the same extent.

2683. But if you say in your evidence that you think it will be or ought to be one of the most profitable, surely it would look as if good business people, and apparently the companies are good business people, would look after that?—In speaking with regard to the most profitable, I simply referred to domestic servants only.

2684. Not to the whole of the six millions who would be brought under this Act?—No, I would not like to say that that would be profitable.

2685. I suppose there might also be greater difficulty in canvassing the small people for this class of insurance than in the life business. Would there?—Yes, because they go from door to door, and now they would have to seek out who were employers and who were not.

2686. The only other question that occurred to me in the course of your examination was this: we have had here practically an offer from certain companies to make the small postal people agents. Do you think there would be a grave objection if certain companies agreed and certain companies did not?—I should not think it would be fair to do that. I think they all ought to be treated alike if they are all approved by the Post Office.

2687. Treated alike in the sense of having the offer of the agency, but if they did not choose to take it up, I presume the State would have made its offer to all alike?—There would not be much difficulty after that if they had all had the offer.

2688. When you say treated all alike, you mean that they should all have the opportunity?—Exactly.

2689. Is there anything else that you would like to say to the Committee?—No, I think not.

2690. (*Mr. Denman.*) Is there any particular company that you can say is an offender in the matter of claims. I do not want the name?—Yes, I have companies in my mind at the present moment with whom there is more difficulty than with others.

2691. And you could give information on that point if the department were anxious to get it?—Within my own knowledge I could, so far as is confined to my own trade in Lancashire.

2692. (*Mr. Kirkwood.*) The question has been under consideration whether it would be desirable to make arrangements under which the Government should give a guarantee as regards the solvency of certain insurance companies, that is that the Government should issue a list of insurance companies who would be prepared to contribute towards a Government guarantee fund in return for the Government guaranteeing their solvency to the public. A list would be exhibited at the various post offices, and the list would contain the names of all the insurance offices guaranteed by the Government. The companies would pay a certain sum towards this Government guarantee, so that if any guaranteed company failed the payments which were due to be made by that company would be made by the Government out of the fund which would be contributed to by the other insurance companies. What would be your view of a scheme such as that?—It seems as though it would give more confidence to people. They would feel then that they had some security, but on the other hand I should take it that the Government would not attempt to put any companies on their list in regard to the issuing of prospectuses unless they were fairly satisfied that they were solvent and were not likely to become insolvent in the future.

2693. In this case the Government actuary would examine the accounts of the various offices and make sure that each office was solvent, and in return for the Government guarantee the insurance company would get a most desirable advertisement. On their papers they could have marked on the top "Guaranteed by Government." Some witnesses we have had here have mentioned that some of the small employers who do not insure do not do so because they do not know which is a safe insurance company to insure in, and finally they end up by not insuring at all. Some of them have insured in companies which have failed and their friends have heard of it, and have decided not to insure. Apparently as far as I can see that has been the cause of some of the small employers not insuring. Now supposing some kind of system of Government guarantee such as I have indicated were introduced, would not it enable a great many of the small employers who are doubtful about the solvency of any insurance office, to ascertain without difficulty whether they were perfectly safe?—Yes, I think it would be a good thing. It seems to me that it would be another inducement for them to insure.

2694. If the Government did that then there would be no difficulty about the sub-postmaster who exhibited the list in his shop being asked to say which was the most desirable office, because he could answer, "They are all good"?—Quite so.

2695. "They all have the Government guarantee and you can choose whichever you like"?—Yes I think that would be a good thing.

2696. (*Chairman.*) Of course I presume subject to the limitation that you stated in your evidence in chief, which is that it all makes a ring more likely?—Well, it does make a ring more likely, but that would have to be watched.

2697. (*Mr. Kirkwood.*) But would it make a ring more likely? Supposing there were two or three offices that were guaranteed by Government; the others in order to be able to compete with them would be sure to adopt the Government guarantee system at some time, and then they would all come into the guarantee system finally?—Yes, it looks as if they would. There may be some other point in connection with that matter. If a guarantee of that description is to be allowed there is the question as to whether there should be competitive rates of premium or not. Here you have a society guaranteed by Government. Now would it be admissible for that society to charge the same for insuring persons as the other societies do?

2698. I think they practically have a universal tariff. They compete with each other, but apparently their tariff is very much the same?—Yes, I know they compete with each other very largely and some have lost a good deal of money by it.

The witness withdrew.

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Mr. ROBERT W. SAUL, examined.

2700. (*Chairman.*) I think that you have been kind enough to come here to give us evidence on behalf of the Lowestoft New Mutual Fishing Smack Insurance Association?—Quite so, and also on behalf of the whole of the trawling owners of Lowestoft. We have 175 in our society.

2701. I will first ask you what is the Lowestoft New Mutual Fishing Smack Insurance Association?—It deals with average insurance in the ordinary case, and loss.

2702. At what date was it started?—The 34th annual meeting was held this week, so it is 35 years since it started.

2703. How many vessels does it include at present?—We have 175, and the Trawlers United have 90. That is another association on the same lines. They are both mutual.

2704. Do you represent both of them?—I represent both of them by request.

2705. Are those steamers and sailing vessels?—Those are all sailers; we have no steam trawlers in Lowestoft.

2706. It is entirely a sailing vessel association then?—Entirely sailing vessels. Those vessels would represent about 85 owners for my own association, and for the other, which is practically on the same lines, something over 40. It comes out on the average, roughly, that one man has two vessels. These men generally have risen, I will not say from the ranks, but from the deck, so to speak, and in many cases they sail their own vessels. A man is skipper in his own vessel, and he has another one that he puts a man in. We have no companies or any syndicates, or anything of the sort.

2707. They are all individuals?—All bred sailors, so to speak.

2708. Does not the Great Eastern Railway Company have a steam trawler at Lowestoft?—No. Hewett's people of London have about three from Yarmouth. They come to Lowestoft to sell fish, but there are no steam trawlers in any shape or form owned at Lowestoft. There are plenty of steam drifters.

2709. Have your sailing vessels in this trade increased or decreased in the last 30 years, should you say?—They have considerably increased. At the present moment I know for a fact that there are at least 25 new vessels ordered. They will not be seen this year. They are being built at Lowestoft, Brixham, Port Leven, Rye, and elsewhere, as fast as they can be. If a man gets one vessel, he is naturally anxious to have another one if he possibly can. They are all owned by private owners, if you understand my meaning.

2710. How many hands would be employed roughly in the vessels of which you speak?—Five hands in each vessel.

2711. That would make it about 1,000 hands?—That would make it 1,300 and something.

2712. Do all of those for the first time come under this new Act?—For the first time. They have not been under an Act up to the present, and will not be until July 1st.

2713. Having got those facts, we come to the facilities for insurance?—We are rather badly placed with regard to that. I was in London myself last Saturday trying, to effect an insurance with Lloyd's, and also with some of the other places that regularly take up that class of business. The non-tariff offices will not take you at all. They do not understand your business. They do not understand the working of it. It is a bit outside their province, perhaps.

2714. You have to go to the tariff offices?—The tariff offices have not agreed between themselves yet what they are prepared to quote.

2715. Do they say they certainly will do so?—Yes. In recent correspondence they say they will quote in a few days' time. They have said the same thing perhaps for the last month or two.

2716. You have no means of putting any pressure upon them to get them to take your risk?—They say they will take the risk, but they have not had a meeting of directors. They have not taken that particular class of risk into consideration up to the present. They have been so busy with other sections, that they have left us out, to a certain extent to the last, it appears to me There are only probably three ports that are materially affected by this to any extent—Brixham, Ramsgate, and Lowestoft.

2717. We have had evidence from a good many other places that small bodies are asking in the same way for insurance. You have taken no steps to form a Mutual Insurance Association among the whole of these ports, I presume?—No.

2718. As we are on this point, have you any objection to giving the Committee the names of the offices that you have approached?—Certainly not. They are the Royal Exchange, the Ocean, Employers' Liability, Norwich and London, and some others.

2719. All tariff offices?—These are all tariff offices I am quoting now.

2720. What about Lloyd's?—One firm of underwriters quoted for a policy 30*s.* per vessel. I ought to explain first, with regard to the Act, that under the Act only three of the five men come under the provisions of the Act. The skipper and the mate are paid by share. It is just the same with the whole of the drifters, the herring and mackerel boats. They are all paid by the share, and consequently they do not come under the provisions of the Act. We have to deal with three men—the third hand, the cook, and the deck hand. Their wages average per week (for the year they may vary a shilling or so) 20*s.*, 15*s.*, and 12*s.* Those are the three men that we are anxious to cover. With regard to Lloyd's they quoted us 30*s.* per vessel, with the society taking up a certain proportion of the risk themselves. That is not provided for in our rules in any shape or form. We cannot deal with that.

2721-2. This is very complicated, naturally, for us to understand. Do you mean to say that they will only quote for the three persons together?—They are quoting for each vessel; that is the easier way of doing it, of course.

2723. To put it perfectly clearly, the employer is liable for each one of these men?—Certainly.

2724. I presume you want a policy that covers the risk with regard to each one of these men?—Certainly.

2725. And they do not give you that exactly, do they?—Not exactly; of course it comes out to the same thing.

2726. If, for instance, the cook was to scald himself in the galley, and be severely injured, would their policy not cover him without the society paying a certain amount of it. Is that the idea?—No; the amount would work out *pro ratâ*. Supposing the third hand injures himself; he is on the scale of 20*s.* a week; the next man is 15*s.* a week, and the cook 12*s.*, you see.

2727. I quite follow that?—What they would do would be to issue a collective policy for each vessel. We have a quotation from Lloyds to take the entire risk, which must be done in any case as far as the Workmen's Compensation Act is concerned; without any payment from the association the quotation was 3*l.* per vessel, and we have a further quotation from another firm of underwriters of 2*l.* 10*s.*

2728. It looks as if they had not made up their minds?—I do not know. I should think they had. I had a letter this morning from one office which said they could not see their way clear.

2729. Would they make no reduction if your association insured all their ships?—We are quite prepared to make arrangements, as far as that is concerned, that both associations shall pay a premium right off the reel and take all the trouble and risk of collection. There would be no risk in the matter really. We should be prepared to pay it. There are 265 vessels, say. If we arranged with you gentlemen we should be prepared to pay a cheque immediately.

2730. You would be prepared to pay a cheque immediately for the whole of the 265 vessels?—Yes.

2731. That is not my point. Supposing there are 1,000 men on those vessels?—Taking 3 men to a vessel, you would get 780.

2732. Whatever the number is, you want all those men covered, and you say, "As we spread it over so large

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"an area, we ought to get a lower rate." Is that what I understand your association has said?—That is what we are prepared to do.

2733. Have the skippers agreed to your doing it?—The owners.

2734. Exactly?—Yes. I have absolute authority to make that statement.

2735. You have authority to bargain with the companies on the best terms?—Yes.

2736. But you cannot tell us exactly, I presume, what you think is a fair rate. You have not come down to that?—With regard to what I think is a fair rate the lowest we have at the present time from Lloyd's is 2*l*. 10*s*. 0*d*. I may say as far as that is concerned, in speaking on behalf of the owners, that we should very much prefer to do business with the Post Office than we should with Lloyd's, or any other insurance corporation in existence.

2737. Yes, but I was trying first to get at the facts of what the rates are. You have had a quotation from Lloyds of 2*l*. 10*s*.?—Yes.

2738. But the insurance companies, have none of them taken this up?—They have simply kept it on hand. They keep writing and writing every few days.

2739. When they know that you have a quotation from Lloyds, do you mean to say that they will not quote you?—I think they will, but they are feeling their way. They are trying to find out what they can do. The manager of the Accident Department of the Royal Exchange said to me, "You know, Mr. Saul, it is all very "well. If you will tell us what the losses will be during "a certain period we will quote you." I said, "If I "could tell you that, we would not want any insurance "companies at all." He said, "We are not a philan-"thropic concern, we are here to make a profit." He told me so to my face.

2740. Did you offer to tell him what had happened in the last 20 years?—I have given the statistics as far as the loss of life goes in the last five years. I have sent them already.

2741. Perhaps I had better go on with the facts that we want to get. The facilities for insurance you have told us about?—Yes.

2742. Have you given us the names of all the people you applied to?—I do not know that I have. Several refused absolutely. The General (Perth) and others did not entertain it.

2743. Have you approached the Association of Insurance Brokers and Agents, 1 and 2, Queen Street, Cheapside?—No.

2744. They are not, perhaps, shipping people?—No. For instance, there is only one office in fire that would touch our vessels anywhere. It is not provided for in the articles of association.

2745. When you say in fire, do you mean insurance against fire, or a fire office?—On the vessel. Only the Royal Exchange insures vessels outside the 3-mile limit against fire. We have tried it, but they will not take it on.

2746. Is it too risky?—No, it is not very risky, but it is not covered by their articles of association.

2747. I thought that you could insure anything at Lloyd's?—Yes, but I am not speaking about Lloyd's insurance. I am speaking about the fire offices such as the Ocean, or the Royal Exchange, or anything of that sort. Lloyd's will insure anything, I know.

2748. It is a mere question of terms. With regard to facilities for insurance, I will leave the Committee to ask anything further as to the extent to which fishing-boat owners are insuring. Do your members say, "We "are not going to insure separately, we are leaving it "entirely to you"?—They prefer that, if possible, arrangements should be made collectively.

2749. Are there any small boats outside?—There are no dissentients at all; they are unanimous in the matter.

2750. All the fishing smacks at Lowestoft are in your two associations, and leave you to bargain for the insurance?—Yes.

2751. Are they all going to insure if they possibly can?—Yes. We are waiting and wishful to insure as quickly as possible.

2752. They intend to insure?—Certainly they do.

2753. We come next to the scope for the operations of the Post Office. What scope is there?—There are the 265 vessels that I have already mentioned, and the others that are coming along from time to time.

2754. Do you imagine that it would be a profitable operation to insure those. Is that your idea of scope, or merely that there are these people who merit insurance?—Whether it would be a profitable operation or not would depend on what the rate is fixed at.

2755. And the risks. Are the risks known?—They are known as far as what has happened in the past is concerned. There is another association,—Trawling Smacks Small Damage and Protection Society we call it—that has been in existence for 12 years. That has covered cases of disablement where it has been proved to be the result of negligence on the part of the owner or anything of that sort, but not to the extent that the new Act will require. They have only had about four cases in about 12 years. Two of those have been met with a payment by mutual arrangement. It has not been a heavy item in that respect.

2756. Perhaps I ought to have asked this question before. Do you insure mutually amongst yourselves against loss of vessels?—Yes.

2757. Do you think this risk too great to be taken up by your association?—It is not provided for in the rules.

2758. You could easily alter that, I presume?—Yes, but it would come rather heavy in the event of a big disaster. I will give you an example in a case which occurred the week before last. This was not my own society, but the other society. They lost two first-class vessels in one day at Haisboro' Sands, in the evening time. The weather was perfectly fine but foggy. One of them went ashore with a big top sail set. The crew were all right. If the weather had been bad they would not only have lost the vessels, but the lives of the men would possibly have been lost too. You have to tack that on to the loss, which would come very heavy indeed for a mutual association, especially where these men are struggling owners and not millionaires.

2759. If they are prepared to pay these rates that are going to cover insurance, I do not quite follow why it is heavier on the mutual association than on the insurance company?—There is another reason so far as that is concerned why we should very much prefer to come to you if we could, and that is that so far as the Act itself is concerned it is a lawyer's Act. You would not have the trouble of settling claims or anything of the sort to half the extent that we should.

2760. You mean to say that you would have to deal more tenderly with your insured than a company or the Post Office would?—No, I do not say that. I say that the men themselves would be more satisfied, being under the aegis of a Government Department, that they would be treated fairly, and not only that, but they would not (I do not say there are any malingerers or anything of the sort, or any bogus claims; but you have to anticipate that there might be something of the sort) try it on with a Government Department the same as they would with Lloyd's, or any other insurance society.

2761. You have some statistics as to the loss of life for five years from the Custom House return, and as to the number of widows, children, and dependent relatives dealt with for the last 20 years?—Yes. During the five years ended the 31st March 1906 the number of deaths by drowning from fishing vessels registered at Lowestoft has been 28 in the case of trawlers and 36 in the case of drifters; the total number of trawling vessels being 270, and of drifters 260. During the last 20 years the Lowestoft branch of the Royal Provident Fund for Sea Fishermen have paid compensation, in the case of trawlers, to 71 widows, 169 children, and 17 other dependants; and in the case of drifters, to 34 widows, 57 children, and 30 dependants. The total amount paid during that period was 7,552*l*. 14*s*. 2*d*.

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2762. (*Mr. Davies.*) Do these statistics relate to your particular fleet?—They relate to Lowestoft generally.

2763. (*Chairman.*) They are not only your boats?—I am representing the whole of the trawlers.

2764. Do the figures that you have there only apply to the boats of your association?—I represent the whole of the trawlers, and so those figures cover the whole.

2765–6. Both trawlers and drifters are in your association?—The trawlers are in our association.

2767. The figures apply to the whole lot, then?—Yes, to the whole lot.

2768. Is there anything you wish to say generally about the question of what the employers themselves desire?—Do you mean the owners?

2769. Yes?—Their desire is that if possible, and if the Post Office will take it up, they shall do it in preference to an association or anybody else, for the reasons which I have given.

2770. But if there is a doubt about that, they are intending to insure?—They are making inquiries, and, of course, as a natural consequence they will insure somewhere.

2771. You have given three ports. Do you know whether any of those have insured; have you heard?—No. I have not heard from Ramsgate recently. It is sometime since I heard. I do not know whether I ought to say so, but as a rule we lead the way. They are not quite so go-ahead as we are at Lowestoft, as far as that is concerned.

2772. I suppose that there is no other port, except possibly in Scotland, that has so many boats. I do not know about Peterhead?—There again they are exempt.

2773. Why are they exempt?—On the score of the men being paid by share and participating in the venture. The same thing applies to pretty well the same quantity of vessels—the herring and mackerel boats at Lowestoft, which are exempt.

2774. I suppose that if the worst came to the worst, and you could not insure, they would try to get round the Act in some way by giving each man a small share or something of that sort?—Speaking for the Lowestoft owners, I do not think they have any wish to evade any responsibility in the slightest.

2775. No, unless the responsibility was such that it would kill them or make them bankrupt?—Yes; but we do not anticipate that.

2776. We have had evidence from some people in the West of England that they consider the very worst things might happen in the way of bankruptcy to small owners, but that does not appeal to you?—That is rather remote, I think.

2777. That was their evidence?—As far as that is concerned, to take the Lowestoft fleet from my experience of over 30 years or more, the class of craft and the equipment of the whole thing has been improving all the time, and now to-day you would find vessels sold at 14, 15, and 16 years old in many cases and new ones built, and that is getting more so than ever. We have not too many men that we can fall back upon in the district to man the vessels. Where you get good men they will command good ships; there is no doubt about it.

2778. You do not agree with a previous witness who said that boys were getting soft and will not go to sea?—I do not think so. At Plymouth the trawling industry has practically died out. That was in consequence of the trouble they had with the crews. In Yarmouth it is obsolete. There are not more than half a dozen vessels left. They had a big fleet.

2779. Have they no more herring vessels at Yarmouth than six?—Yes, herring vessels, but not trawlers. The reason is, that their conditions of life were considerably worse than we have. The vessels would go fishing out there for trips of eight or ten weeks. If you go to the Dogger for eight or ten weeks it is not all fun. Our men only go out for a week's trip. They have one night in every week at home, besides the time when the vessel may be in dry dock under repair, and that sort of thing. It is a gentleman's life compared with what the Dogger business used to be.

2780. Does that considerably reduce the risk?—Undoubtedly. If you get better vessels and better men, and they do not stop at sea for so long a time, it must naturally be so.

2781. None of the insurance companies have taken up this question of seamen, as far as you know?—No.

2782. It is very puzzling?—Our rate of insurance for several years past has not worked out at more than 30*s.* per cent. on the vessels.

2783. You mean the mutual?—Yes, the mutual; yet on calling up the three payments of 10*s.* per cent. each during the year we have been able to increase the reserve fund.

2784. What would have been the sum which you would have had to pay to an insurance company, do you think, for the same risk? Have you ever made a calculation?—Do you mean supposing we insured at Lloyd's?

2785. Yes?—I should think probably it would cost three or four times as much.

2786. (*Mr. Turpin.*) You said that in one of your cases you applied to Lloyds for a quotation, and they quoted 30*s.* per vessel?—Yes.

2787. With some reservation. What was the reservation?—That the society should pay so much.

2788. What part of the insurance were your mutual association to undertake?—I cannot see that we can touch it unless the rules are altered. In one case it came to 3*l.* per vessel, and another firm offered to do it for 2*l.* 10*s.*

2789. You mean to say that your association under the present rules cannot take up any risks under the Workmen's Compensation Act?—No, not under the Workmen's Compensation Act.

2790. There would be no difficulty in altering your rules if you wanted to, would there?—No. You would have to call a general meeting, and that sort of thing, but that could be done naturally.

2791. Would it not meet your case if you were to alter your rules so as to provide for temporary disablement, and then insure for the big risks—permanent disablement and death?—You mean to say that you suggest we should take the minor cases?

2792. Yes?—That will not stop the way; we could do that.

2793. You think that you could do that?—Yes, we could do that with another association—The Small Damage and Protection Society. The second clause is "From any claim made against them in respect of life "salvage, loss of life or personal injury caused to any "person being carried by or who may be in the act of "getting on board any ship duly entered in this "society." That society has been in existence for 12 years. As I told you, the claims made on that society have been only four in the last 12 years.

2794. That was for death?—No, that was for disablement.

2795. Total disablement? — Partial disablement. Then there was negligence in that case. That is quite different from what the incoming Act provides for.

2796. I am not quite sure that I understand you. Do you say that you can insure now for death and total disablement in the society?—No. I say that this society could take over the cases that you were mentioning, that is, the minor ones. That could be done.

2797. If you could get the other too, that would satisfy you?—Yes.

2798. (*Mr. Hewby.*) Is the principal ground upon which the members of your association wish the Post Office to take up this business the difficulty that is found in getting insurance companies to quote?—No, that is not so. The great point is that both the owners and the men would feel safer, so to speak, if they were in the hands of a Government Department than they would if they were in the hands of any other insurance association.

2799. Are they afraid of the insurance associations being insolvent?—No, I do not say that. It will, no doubt, resolve itself shortly into whoever takes this matter up being equal to a life office.

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Mr. R. W. Saul.

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2800. What is it they dislike exactly about the insurance associations?—I do not know that there is any actual dislike. I do not carry it quite so far as that.

2801. What is it that makes them prefer that the Post Office should do it?—They like it to be under Government control because of the safety. I am putting rather an extreme case. In connection with the widows and orphans fund I have sent particulars up. It is a voluntary business. The whole of the vessels are in that at the rate of a guinea a year. Grants are made to the widows and orphans and dependent relatives. In a case not long since, an owner in perhaps rather peculiar difficulties at the time did not keep his payments up. The vessel went out to sea and the mate was lost overboard. Much to the widow's surprise, it was found that the subscription had not been paid. That could not happen if the matter was under Government control.

2802. (*Mr. Denman.*) Nor could it happen if your association as a body paid the premium?—No. The two associations, as I say, would prefer to pay the Post Office rather than pay anybody else.

2803. On the ground of settlement of claims?—On the ground of settlement of claims, I think that the men themselves would be more satisfied if they knew they would be treated in that way.

2804. They would have more confidence that the money which they got was the right amount—the amount which they ought to get.—Not only so, but they would be absolutely safe in the event of anything happening.

2805. Safe from what?—Safe in the case of death or safe in the case of accident.

2806. But they would feel as safe in the case of a company, would they not?—They would feel safer under the Government than they would with anybody else.

2807. (*Mr. Hewby.*) They are not afraid of the insolvency of the companies?—Do you mean my own society? They do not participate.

2808. No, I did not mean that?—There is a feeling amongst this class of men that if the Government looks after them they are all right. They do not understand.

2809. (*Mr. Kirkwood.*) If certain insurance offices were guaranteed by the Government, would your fishing-smack proprietors still prefer that the insurance should actually be done by the Government?—We should still prefer to have it done by the Government. You see, it is not a matter of guaranteeing the payments of premium, because we should be quite prepared to do that any time. We would pay the premium.

2810. I do not mean that, but I cannot quite find out why it is that they would prefer to deal with the Government rather than with an insurance company?—I have given you the men's point of view.

2811. What is it?—They prefer to have it dealt with by the Government rather than by any association whatever—Lloyds or anything else. It is sentiment, perhaps.

2812. It is merely sentiment, is it not?—It may be so. The owners would prefer it for another reason.

2813. What is that?—There would not be the amount of bogus claims where the Government backs the bill as with any other association.

2814. Do you mean that the men would be afraid to make bogus claims against the Government?—Yes. There would not be so much malingering. You must expect some, of course.

2815. Do you think that you would have more malingering if the insurance was done by an insurance company?—Yes, you would have more. I am satisfied about that. They would not attempt it with the Government.

2816. You think that the insurance offices are more squeezable than the Government, and that rather than fight a claim they would compound it?—I do not say that. I say that there would not be so much malingering if the Government took it up.

2817. I suppose that the reason why men malinger is the chance of making a claim on the insurance company?—Yes.

2818. Is your point that the insurance companies would prefer to offer a small amount in compensation, say 4*l.* or 5*l.*, to fighting a claim, and that in that way perhaps an inducement may be given to men to make bogus claims?—The point is that the insurance companies get off as easily as they possibly can. If they offer a man 3*l.* or 4*l.*, or anything of that sort, money down, he is very much inclined to take it.

2819. And he makes a bogus claim on the chance of getting 3*l.* or 4*l.* paid down without further question?—We have not arrived at what it will be in the future, but, with human nature as it is, you must expect a certain amount of that.

2820. You do not think they would make the same claims against the Government?—Certainly not.

2821. Because they are afraid the Government would investigate the cases more closely?—Yes.

2822. (*Mr. Davies.*) Are your vessels engaged entirely in fishing?—Yes.

2823. There is no trading at all?—No trading at all. They are simply on weekly trips fishing.

2824. Do you consider the rate that Lloyds have quoted to you (you spoke of one of 2*l.* 10*s.*, and another of 3*l.*) for full risks for three men is too high?—Honestly, no. If we could make better terms, of course, as business men, we should like to do it, but I do not think that 2*l.* 10*s.* or 2*l.* 5*s.* is an excessive rate.

2825. 2*l.* 10*s.* for full risks for three men comes out at 16*s.* 8*d.* a man a year?—Yes.

2826. The ordinary insurance company quotation for a chauffeur of a motor-car is 1*l.*?—Yes.

2827. Would you not say that the risks run by seamen were greater than the risks of the chauffeur of a motor-car?—No, I should not think so with a motor-car.

2828. That shows that familiarity with the sea increases one's pluck?—Take statistics. We have not had so many accidents. I will tell you another point. Take an owner whose men work on shore, riggers, and so on. That is covered at 10*s.* per cent. A sailmaker is covered at 7*s.* 6*d.* per cent.

2829. What class of insurance companies will do that?—Any of the corporations will take it on.

2830. Is that for accidents?—Yes, the Royal Exchange, for instance, will do it. Sometimes a man works on a vessel in harbour, and at other times on shore. It comes out at 10*s.* and for sailmakers at 7*s.* 6*d.*

2831. The sailmakers work entirely on shore?—Yes.

2832. With no perils of the sea?—No.

2833. According to your statistics, you have had 64 deaths in five years. Are those all from accidents at sea?—I ought to qualify that. There are sometimes collisions at sea, and then the vessel which is at fault gets the blame. The actual responsibility may work out at somewhere between half and two-thirds, so far as the owners are concerned. It all depends upon which vessel is to blame.

2834. But, apart from the question of blame, there were 64 deaths from accidents in five years among the crews of these vessels, were there not?—No; 28.

2835. What about the Drift Nets? Do you represent them?—No, they are exempt. They are all paid by share. They participate in the venture, and consequently do not come under the provisions of the Act at all. It is only the three men on the trawlers. So far as the risk is concerned, you have to take, firstly, three-fifths of the actual number of deaths because there are only three men out of the five covered; then, again, you have to deduct a further proportion where there is a collision, and the other vessel is to blame and has to pay, so that brings it down to quite half or rather less than that, I should say.

2836. Assuming, for the sake of illustration, that the Government took up this insurance, and on working

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put your risks did not feel that it could offer you a policy on Lloyd's terms, but must have a rather higher premium for these crews than the insurance offices want for chauffeurs on land, would you pay the lower rate to Lloyd's, or would your preference for the Government take you to the Post Office?—Our preference is decidedly for the Post Office, but in a matter of that kind it would simply depend on the difference between the two rates. That is a matter for consideration.

2837. You would not pay any more for your preference?—May I speak plainly. I do not know whether it is fair to ask a question. The insurance companies simply exist for profit. They tell you straight to your head: "We are going to make a profit out of you, and "shall not take you unless we can see our way abso- "lutely clear." I do not anticipate that the Government wants to make a big profit out of this. Does it?

2838. No. But, speaking personally, these rates strike me as really being very low, and I do not quite see where their profit is coming in. If I had to fix the rates I should want to cover the Post Office more than Lloyd's want to cover themselves. What, then, would be your attitude towards the Post Office?—I can only say that we should very much prefer to come to the Post Office, but how much more we should be prepared to pay I cannot say. There are numerous particulars that one has been obliged to answer with regard to insurance companies. The whole thing has been very well thrashed out by the insurance companies and by Lloyd's.

2839. You would not expect that if the Government took up insurance it could dispense with all this information which is wanted by the companies?—No. As far as that is concerned, I am only too pleased to give you any information in any shape or form, and to assist in every way that I can.

2840. Is it your experience that a rather large proportion of the accidents on board these vessels is probably due to drink?—My experience is in the last few years that where you have men working their own vessels, constantly looking after them and constantly in touch with the men, and the majority of them sailors themselves, the men are always looked after. In the last four years I have only had one report (and the report must come to me in connection with my own association) of a man going to sea the worse for drink.

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2841. Going to sea the worse for drink?—Yes.

2842. When he gets there, he cannot get it?—He does not get a drop. Further, our rules provide that if the master is the worse for drink or anything of the sort, any two of the directors are empowered to stop that vessel; she is not allowed to go. Rule 64 says: "Any two directors shall be empowered to detain any "vessel from proceeding to sea if they consider her "master or crew incapable, through drink, or from any "other cause, incompetent to navigate such vessel." I may say with regard to the improvement in the class of the craft that we have had for several years past, it has had this effect to a certain extent—that you have an improvement in the class of men. They are nothing like what they used to be. You would find that a very large number of them were teetotallers.

2843. I was not quite clear with regard to the difference between dealing with a Government office and dealing with an insurance company in regard to the settlement of claims. I think you implied that if the Government took up this business many claims which would be made against an insurance company would not be made against the Government. Is that so?—I did not say many; I said some.

2844. Some—and that you attribute to the respect the sailor man has for the Government?—Or ought to have.

2845. Is it fear that the Government would handle him more roughly than an insurance company if it caught him making a bogus claim?—If a man is malingering he ought to be handled sharply.

2846. You think that he would have more terror of the Government than of an insurance company?—Yes.

2847. I was not quite clear as to that; that is what I wanted to know?—That is what I meant.

The witness withdrew.

Adjourned to Monday next, at 11 o'clock.

General Post Office, Monday, April 29th, 1907.

PRESENT:

THE LORD FARRER (*Chairman*).

H. DAVIES, Esq., I.S.O.
The Hon. R. D. DENMAN.
L. J. HEWBY, Esq.
W. G. KIRKWOOD, Esq.
W. G. TURPIN, Esq.

E. RAVEN, Esq., *Secretary*.

Mr. H. BABINGTON SMITH, C.B., C.S.I., examined.

2848–9. (*Chairman.*) You are the Secretary to the Post Office?—Yes.

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2850. I understand that you do not offer any evidence as to the demand or necessity for a Post Office system of workmen's compensation insurance, and that you have no special knowledge regarding it. With regard to that, of course you are aware of the terms of reference which have been put before us?—Yes.

2851. That is to say, that demand or necessity in the terms of our reference is partly a question of practicability and partly a question of desirability. Those are the two points?—Yes.

2852. Practicability is put before desirability?—I take it that the evidence that the Committee would wish to have from me comes to some extent under both of those headings. Even if a scheme is practicable the degree to which it would naturally fit in with the existing Post Office organisation is one of the elements in determining its desirability. On that point I am prepared to give evidence, but we have no special means of information at the Post Office as to whether there is or is not a demand for a Post Office system on the part of the public; and therefore on that point I do not propose to offer evidence.

2853. Will you give us your views on the general advantages and disadvantages of the Post Office organisation for undertaking such insurance. You consider first that the Post Office has a wide-spread organisation and ready means of publicity?—Yes. Perhaps the Committee may like to have some figures showing exactly what the extent of the existing organisation is.

2854. Thank you?—The number of head post offices throughout the United Kingdom is 877. The number of sub-post offices is very much larger. Sub-post offices, I ought to mention, are divided into two classes—those kept by salaried sub-postmasters on the one hand, and by commission sub-postmasters on the other. The salaried sub-post offices are larger on the average than the commission sub-post offices, and are, I may say, half way between the head post offices and the commission sub-post offices. The total number is 501 salaried sub-post offices and

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21,601 commission sub-post offices. Of those commission sub-post offices, 5,689 are town sub-offices and 15,912 are country sub-offices. It may be convenient to draw a further distinction, and to point out that of the 21,601 sub-offices, 8,362 are non-money order sub-offices, that is to say, offices at which only the very simplest kinds of business are transacted—postage stamps are sold, postal orders are issued and paid, and the ordinary registration of letters and acceptance of parcels, and so forth, are dealt with. But the somewhat more difficult and complicated kinds of Post Office business, the issue and payment of money orders, savings bank business, insurance and annuity business, are not transacted at these 8,362 post offices. The sub-offices are in all cases under a head office, that is to say, the head postmaster is directly responsible for the management of the sub- offices in his district. The number of sub-offices in a district varies very considerably. On the average it is about 25,; but in some cases it may be as many as 100. That general sketch, I think, is necessary in order that the Committee may understand what I was going to say about the Post Office organisation with reference to insurance.

2855. Perhaps, if you have finished the figures, you would allow me to ask one question on them. Are any of the sub-post offices simply for the sale of stamps. You say, I think, that there are 8,000 odd sub-post offices that deal only with the lower classes of Post Office business. I do not know whether any of those in country districts have the issuing or payment of postal orders?—Practically all of those do postal order business I think there may be half a dozen still which do not do postal order business. The number is negligible.

2856. Apart from the sale of stamps, therefore, practically every sub-post office pays out money in some form?—Yes, practically every sub-office issues and pays postal orders.

2857. With regard to the geographical side of the question, does your organisation go outside of the United Kingdom, to the outlying islands of Scotland, for instance? I suppose in all of those you have some representation?—Yes; it includes all the islands surrounding the United Kingdom, except the very smallest ones, where there is not sufficient population to justify the setting up of a post office.

2858. Including Jersey?—It includes the Channel Islands, the Orkneys and Shetlands, the Hebrides, and so forth.

2859. Does your organisation include any steamship liners? Do you deal with those in the same way as the Germans and Americans, or are those big ships not British post offices?—There is no business done directly on behalf of the Post Office. Stamps are sold on board some of the big liners, but that is on their own account, and not on account of the Post Office. There are also a few agencies of the British Post Office in the Levant, and at Gibraltar and Morocco. They are just being established now in Morocco.

2860. I only wanted to get the geography clear. I presume that those and the ships are on a different line to anything lying in our seas; or do you consider them part of your organisation?—Exactly.

2861. Have you anything further to say upon this point?—The Post Office organisation is a widespread organisation. As the Committee are aware, there is a post office in almost every village, unless it is a very minute village, and this organisation gives a very ready means of publicity for any scheme of insurance. If it is stated that insurance can be effected at the post office, everybody knows where the post office is, and has no difficulty in finding out where to address himself. But, on the other hand, there is this limitation—that at the smallest offices the sub-postmaster or postmistress is, as a rule, a very small shopkeeper, often comparatively uneducated, and quite incapable, I think, of undertaking business that involves exercise of discretion. That is shown by the fact that it is not regarded as desirable to extend money order and savings bank business to these small offices. The fact that they are not very suitable for that business gives a measuree of what their capacity would be for any insurance business. That limits considerably the utility of the Post Office organisation for this purpose, because I imagine, from reading the evidence that has already been given, that it is rather in the smaller and more remote places, if anywhere, that there would be a demand for Post Office agency. In the smaller towns, and in the less central parts of big towns where a large number of the larger sub-offices are situated, I take it from what I have read of the evidence that there is not a vacuum to be filled—that the existing companies work the ground pretty thoroughly by means of their agents. Therefore it is exactly in the places where, if anywhere, a vacuum exists at present that the Post Office organisation would be least suited for filling the vacuum.

2862–3. Do you think that confidence would be inspired by the impartiality and security of a Government Department?—If the business were transacted by a Government Department, such as the Post Office, there would be no suspicion, or at any rate there ought to be no suspicion, on the part of the employers who wish to insure that rates were affected in any way by personal considerations, or that they would be treated otherwise than with absolute impartiality. And also in the settlement of claims, there again Government agency would give confidence as regards the impartiality of the treatment of claims. Also, of course, Government credit would give perfect security.

2864. This is all on the consideration of its being done by a Government Department itself?—Yes but, on the other hand, I think that that very impression of impartiality would lead to pressure being brought to bear on the Post Office which is not brought to bear on companies; and also, the Post Office agency might be less effective than private agencies, from the fact of its impersonal character. I may illustrate that by a criticism which I have lately seen of the Post Office Savings Bank. This criticism was made—that in order that the savings bank might be as effective as possible in encouraging thrift, it was necessary that the person who receives deposits should be prepared to go into the personal circumstances of the depositor, and to give advice. Whether that is a just criticism or not, I do not know, but at any rate it is quite clear that the sub-postmasters or the counter clerks at the larger post offices are not able to deal with Savings Bank depositors in that way. The same consideration, I think, would apply to a considerable extent to insurance—that a more personal action than is possible to the Post Office would be likely to be more successful.

2865–6. Do you think that a Government Department is less well adapted than private enterprise for giving advice in individual cases, and for bringing before small employers the necessity for insurance?—Yes.

2867. On the general question, of course, you have seen the evidence, which seems to be well authenticated, that for this particular form of insurance a personal canvass is almost necessary to insure financial success?—Yes.

2868. I take it that the general view you would take is, that these small postmasters are hardly the persons to institute an active personal canvass, and it would be hardly desirable possibly that they should?—I do not think they would be suitable for that purpose, and I do not think that it is desirable that they should undertake an active personal canvass. And perhaps I may say that as regards the larger post offices, if the clerks at the counter were encouraged to canvass, and especially if they were given a personal interest in the success of their canvass, I think it is extremely likely that it might interfere to some extent with the working of the Post Office. They would be inclined to give attention to that business in preference to the current business of the counter.

2869. Do you think that would be more so, let us say, than in the case of a railway booking clerk. or, at any rate, do you think it is a possibility that it might happen?—It appears to me to be a possibility. I am not aware whether any inconvenience has been experienced in that respect in the case of railway booking clerks.

2870. Do any of these sub-post offices do the ratepayers' business or the taxpayers' business on commission? Are many of them connected with the Inland Revenue?—They issue licences for the Inland Revenue.

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2871. That is done by the Post Office on behalf of the Inland Revenue, is it not?—Yes. That business is only done at the offices which transact money order business, and not at the 8,000 odd which are non-money order offices.

2872. Is that done on commission, or by payment?—The sub-postmaster is paid a fixed amount of commission for each licence issued.

2873. Then it is to the interest of the sub-postmaster to have the licences at his office to some small extent?—Yes; but I take it that as the taking out of a licence is compulsory, therefore the question of canvassing does not come in.

2874. Exactly; that is the distinction. To go to one other point, as you are on that, as I understood, the head-postmasters, the 877 that you gave us, are paid by salary and not by commission?—Yes.

2875. How do you arrange in those cases with regard to licences?—In the case of established staff, such as the postmasters or the counter force at head offices, no commission is paid for individual transactions; that is to say, the counter clerk does not get anything extra if he issues more licences. It comes in indirectly as regards the fixing of the postmaster's salary, and to some extent the fixing of the salaries of the supervising officers, because those salaries are fixed with reference to the total volume of work transacted at the offices and the licences issued are taken into account in determining the volume of the work; but the item is an insignificant one and does not practically affect the salaries.

2876. I presume you would say that that equally applies to cable companies. There has been no trouble with the competing cable companies, because there are such in a good many cases. Do they give commission to the officers, or is it all done from the head office?—No; a member of the public handing in a telegram can, if he likes, indicate the route. If he does not indicate the route the distribution between different cable companies is not done at the office of origin, but at the central telegraph office or other large office through which it passes.

2877. I take it there is practically no analogy?—I think there is no analogy in that case.

2878. With regard to a former question, you have not had trouble with regard to the sub-post offices being paid by commissions and the head offices by a fixed sum?—The conditions are so entirely different that the distinction, I think, is inevitable. The sub-office is an office where other business is done besides post office business.

2879. Invariably?—Not invariably, but in the vast majority of cases. In the vast majority of cases it is a shop at which post office business is done in addition to that of the shop. In that case a salary. fixed in the same manner as the salary of an established postmaster or an established force who give their whole time to post office business, would obviously be inapplicable.

2880. The point I am trying to arrive at is whether there is real difficulty, supposing a commission is paid to sub-postmasters and no commission to head postmasters on business of this sort. That difficulty has not arisen in practice?—No, I do not think that that difficulty has arisen in practice, and I do not see why it should arise except in this form, that unless a commission were given at the head offices also, I do not think the staff at the head offices would push the business; and if pushing the business is necessary to its success, then it would not succeed at head offices.

2881. You said that where the vacuum was greatest the sub-postmaster was probably less capable of filling the position of dealing with this business. But I presume that wherever that is the case he might also be the most suitable person in the locality—an outlying district of Ireland or an outlying district of Wales or Scotland. He would not be an illiterate man, would he?—Of course it is conceivable that there may be nobody in the place better suited.

2882. That is all that I mean?—But then the question would be whether the business could be done by an agent on the spot, or whether if it was to be done at all it would not have to be done by an agent travelling from a rather larger place in the neighbourhood where there was somebody better suited for the purpose.

2883. Of course that is so; but the real reason, I presume, that that question has been raised at all is because the Post Office does cover the whole of the United Kingdom in a way that no other organisation perhaps does. The insurance companies, presumably, would not have a better officer or office in these places which you are speaking of than the Post Office?—I should have doubted whether there was any place where we have a post office that was not visited, at any rate from time to time, by rate collectors or rent collectors, or estate agents or other persons of the class who, I imagine, form the majority of insurance agents.

2884. Yes; but would you say that there would be the same objection to such an officer acting as an agent; or is your objection to a scheme of State insurance involving that man as your paymaster and your agent? I do not know whether I have made myself clear. I mean, that there is your office and there is your man. Is your objection to these men, whatever the number is, that they are incompetent to do anything except sell stamps and pay postal orders? Is that rather what you had in your mind?—My point is this, that in these remote places the sub-postmaster could receive a payment and bring it to account, but he would generally be useless for explaining the system of insurance to an intending insurer, or even, I think, for getting the information upon which somebody at headquarters would determine which class of risk a particular insurance came into.

2885. And still more, I presume, for investigating a case that was doubtful?—For that, I think, most small sub-postmasters would be perfectly useless.

2886. My only other question on this is, Can you give us any sort of information as to how this is done in Germany or other countries? Of course it is compulsory—that is the first difference; but still, from the point of view of machinery, something must be done in these outlying districts in the way of investigation. Perhaps that has not come within your knowledge?—I am afraid I have no information about it.

2887. (*Mr. Turpin.*) The localities in which the facilities for insurance do not exist are the localities that you could not serve, are they not—where your servants are not competent to serve?—That appears to me to be rather the position.

2888. Still they would be competent to receive a proposal form and transmit it to headquarters for examination, would they not; or would they be useless for that?—They could no doubt do that if it was a simple proposal form. If it was such a complicated form that advice was required as to the manner in which it should be filled up, I do not think they would be of any use.

2889. They would not be competent to give advice, but they could act as a go-between for transmitting the business to the head office?—Yes.

2890. They would be useful in that respect?—Yes.

2891. That is about all?—I think so.

2892. (*Mr. Davies.*) The Chairman asked you about licences. You said that the taking out of licences was compulsory, and therefore would not necessitate canvassing. If in the future this liability insurance were made compulsory it would still require canvassing on the part of Post Office servants, would it not?—If it were made compulsory, it would require not exactly canvassing but something more in the nature of inquisition to ascertain whether an employer had insured or not.

2893. I only wanted to prevent any misunderstanding. A point that was present in the minds of the Committee, though it has not been mentioned much is, that this class of insurance may possibly become compulsory by-and-by. In the case of licences, the application of the principle of compulsion puts canvassing out of the question; but if compulsion were applied to this class of insurance, canvassing on the part of the Post Office, if it is to do a successful business, would be necessary?—Compulsion would not interfere with that. That would depend, of course, upon whether other agencies than the Post Office were continuing to do the business under a compulsory system. If there were other

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agencies doing the business, then I think it would be a question of canvassing whether the business would come to the Post Office or go to the others. But what I mean is that in that case it would not be exactly canvassing that would be necessary to make the individual employer insure somewhere. Some machinery would have to be set up for applying the compulsion for securing that the individual employer insured; but I should be very sorry to see that machinery entrusted to the Post Office, because I think it is extremely undesirable that the Post Office should come into contact with the general public in that capacity, just as I should consider it undesirable if the Post Office were charged with seeing that every dog was licensed.

2894. (*Mr. Denman.*) You no doubt feel that the standard of fallibility permissible to agents of the Post Office differs from that permissible to the agents of companies?—Yes, I think a stricter standard is properly applied.

2895. And you would feel the less concerned in a remote sub-postmaster being an agent of a company for the purpose of insurance than you would in his being the agent of the Post Office?—Yes; I think that the Post Office would not be specially concerned in the manner in which he carried on that business, any more than with the manner in which he sells his sugar or his tobacco. If it suited a company to employ him, I do not see that there need be any objection from the point of view of the Post Office, because he is not the most perfect agent imaginable.

2896. To what extent do you think the existence of a post office in a shop sheds a sort of halo of respectability round all the transactions performed in the shop?—I think that it gives a certain prestige to the shop. It is sought after on that account; and perhaps part of the advantage is that it confers a certain official position.

2897. For that reason you would expect that companies might like to take certain risks of local failures, in order to be connected with the sub-office organisation as a whole?—That is a point upon which I do not think I am in a position to express an opinion.

2898. I wonder if you have had any evidence of sub-postmasters being snapped up for other forms of insurance agency?—I have no information as to the extent to which sub-postmasters are agents. For instance, take fire insurance. Sub-postmasters are allowed to take such agencies without any official permission, and therefore the cases do not come before the Postmaster-General in any way. Since the recent Act we have had several applications on behalf of sub-postmasters for permission to undertake Workmen's Compensation Insurance; but there may have been many cases in which it was considered that no permission was required, and an agency was taken without asking for permission; so that the number of such applications is not, I think, any indication of the extent to which companies have tried to get sub-postmasters as their agents.

2899. (*Chairman.*) May I interpose a question with regard to their being allowed to do other business. Do you limit them to special business? You say they have to ask for permission?—No. I say that they have not to ask for permission for fire insurance business. The kinds of business that we prohibit are businesses in which they would be in competition with the Post Office, that is to say, life insurance or annuity business.

2900. I do not quite understand why they apply at all for permission?—Do you mean for permission in the case of Workmen's Compensation Insurance?

2901. Yes?—It was a new kind of business, and I suppose they were not quite sure whether it came within the prohibition or not; but we hold that it does not come within the prohibition, and there may have been many postmasters who assumed that without asking the question.

2902. Do you think that the disadvantages to which you have referred apply with the greatest force to a complete system of Workmen's Compensation Insurance?—Yes. The varieties of risk are very numerous, according to the precise nature of the employment. Even where the kind of employment is similar, a distinction is made between individual employers according to their past history and between different localities. The local organisation of the Post Office would be quite incapable of exercising such a discrimination, or even of furnishing the materials on which a staff at headquarters could decide. It would be necessary to create a new organisation of an extensive character. Moreover, such discrimination would be alien to the principles on which the general business of the Post Office is conducted. The whole system is based on uniformity. The machinery is not suited for drawing subtle distinctions between individual cases. The fact that the Post Office undertakes life insurance and annuity business does not show that it could without difficulty undertake Workmen's Compensation Insurance. The latter is far more complex and difficult.

2902*a*. I think I may say that certainly, speaking for myself and I believe for the other members of the Committee, we have always been impressed with the fact that insurance means a good many different things, and in this particular case it means almost a personal scrutiny unless you have some form of limitation that is almost outside the Act?—Yes, I take it that it is quite unnecessary for me to emphasise the point as to the varieties of risk, because that has been very fully before the Committee already in evidence. To the causes of variation that I have mentioned I may add also that apparently discrimination is necessary, according to the size of the concern; that is to say, that for the same business carried on under the same conditions a different premium is required from a man who spends 3,000*l*. a year in wages and from a man who spends 1,000*l*. a year in wages. That is another complication which is introduced besides those that I have mentioned. Perhaps I need not dwell further on that point—that the Post Office organisation as it stands is entirely unsuited for dealing with the complex questions that would arise in connection with the discrimination of risks. It would be necessary, supposing such a business were undertaken by the Post Office, to create a new organisation extending all over the country which would provide local agents capable of inquiring, as the Chairman has said, into each individual case, and giving advice to the central office as to the class of risk in which that particular business or those particular employees ought to be placed. In that case the existing organisation might serve as a channel of communication for putting the employer in contact with the agent who was actually dealing with these insurance questions; but it would be of no use, I think, for dealing with the questions themselves.

2903. Do you think that if the Act were to be taken up and the Post Office were to stand in the relation of an insurance company and take all risks, an absolutely new staff must be created?—Yes, I think so.

2904. (*Mr. Denman.*) In Post Office life assurance, assuming that an applicant fails to pass a medical examination, is he declined?—Not necessarily. The case may be accepted, with an added percentage.

2905. So that you deal with individual lives for life insurance purposes just as ordinary companies do?—Yes.

2906. You rate them up?—Yes.

2907. (*Mr. Turpin.*) If you undertook this insurance business you say you would want a new staff which would simply be supplementing your present staff with expert men in this particular business, would it not? A great many of the present staff would be available for certain of the duties, would they not?—I doubt if any of the local staff in the country sub-offices would be available except as a mere channel of communication. There are members of the surveying staff, for instance, who would be quite capable of undertaking work of this kind if they learned it; but it would be something quite new, quite different from the work which they are doing at present. They would have to learn it, and as they are fully occupied at present, practically it would mean that if they were turned on to this work their places would have to be taken by others and that a new staff would have to be created for the purpose. It might be recruited from outside or it might be partly recruited from the existing service, but it would, in any case, be an addition to the existing staff.

2908. You say that even where the kind of employment is similar, a distinction is made between individual employers according to their past history and between different localities. That distinction is made at the

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head office, in most cases, is it not It would not be made on the spot by the agent of an insurance office?—I am not familiar with the precise practice of insurance companies, but in any case it would have to be made upon information furnished by the local agent. The local agent would have to obtain information as to the past history of an employer.

2909. I think the proposal form has to disclose that, more than the local agent. As part of the contract they have to state what their experience has been for the past three years, for instance, and that would get to the head office. Then they might ask their local agent to make a special inquiry; but most of the work would be done at headquarters?—I suppose that the local agent is required to check the information furnished on the proposal forms that he sends in.

2910. I should not think the local agent, taking them on the average, is more intelligent than the Post Office officials?—I have gathered from the evidence which I have read that the local agents are to a large extent bank managers, estate agents, rate collectors, solicitors, and persons of that class, who are much more in the habit of dealing with problems of this nature than most of our sub-postmasters are.

2911. (*Chairman.*) The time when this Act comes into force is July 1st. I presume that supposing it were considered desirable for the Post Office to take up a general scheme it would take at any rate six months to make any sort of scheme which would apply to the whole of the United Kingdom, partly because the Post Office does cover every place. Let me put it in another way: you are about the only organisation that is bound to cover every square yard of the Kingdom, and therefore it would take somewhat longer for you to create an organisation of this sort?—Yes, I think six months would be a very moderate estimate of the time necessary for creating an organisation for the purpose of complete insurance.

2912. There, again, I suppose you cannot tell us from the experience of foreign countries how long they have taken to complete a scheme?—No, I am afraid I have no information that I can give you upon that question.

2913. Do you think that similar considerations apply with regard to the settlement of claims?—Yes. The existing Post Office staff could not deal with claims, but it would be necessary to create an organisation for the purpose. A Government department would be subject to pressure, Parliamentary and other, to deal liberally with claims, especially in cases of suspected malingering, or if, in doubtful cases or cases likely to lead to litigation, a compromise were attempted. It is probable, therefore, that in the case of the Post Office a larger proportion of cases would lead to litigation, and in such cases a Government department would probably be at a disadvantage.

2913*a*. You are of course aware that it is one of the most controverted subjects that we have had, and that the people who desire State insurance take precisely the opposite view. It has not been your experience that a Government department does not lead to litigation. The action of a State department was stated, I think, by Mr. Bullen, whose evidence I have been reading, to be so desirable, because there would be many fewer bogus claims. Perhaps I must not ask you about this?—In cases that may be regarded as at all parallel, special machinery has been provided for settling claims. In the case of the Savings Bank, for instance, a large number of claims arise with respect to accounts, the property in which is disputed, or as to whether sums fraudulently or irregularly withdrawn should be replaced in the accounts, and so forth. Those claims would, I think, undoubtedly lead to much litigation if they were left to be settled under the ordinary law. But the Registrar of Friendly Societies is given special jurisdiction in such cases, and they are settled rapidly, and I think on the whole satisfactorily, without litigation. If in the case of insurance, compensation claims were left to be settled in the courts in the manner provided by the Act, and especially if claimants were entitled to receive costs, it appears to me very probable that there would be a considerable crop of litigation; but I admit that that is a point upon which it is difficult to prophesy beforehand, and that the only test would be experience.

2914. That is your opinion, as it has been other people's opinion. In the case of Post Office parcels you fix a limit, for the sake of avoiding litigation to some extent?—In the case of parcels it is expressly laid down that there is no claim of right. In all cases of compensation both for parcels and letters there is no possibility of litigation, because the compensation which is allowed is allowed as a matter of grace and not as a matter of right.

2915. And that of course is a position which I presume the Post Office would not like to depart from?—As regards the ordinary business do you mean, or as regards insurance business?

2916. As regards insurance business?—I think that there would be considerable inconvenience in departing from it.

2917. That leads us, necessarily, to the fact that any scheme must involve an Act of Parliament, if that be so?—Yes. If that was regarded as essential, any scheme would require an Act; but in any case an Act would be necessary to enable the Post Office to undertake it at all. It is impossible for the Post Office to take up a new class of business of this kind without being authorised by Parliament to do so. It could not be done without legislation.

2918. No scheme whatever can be taken up?—No scheme whatever could be taken up—not the simplest scheme.

2919. Perhaps that is a question I ought to have asked you first of all. The Post Office has no general powers?—The Post Office has absolutely no power to take up a scheme of insurance unless it is authorised to do so by Parliament.

2920. I think perhaps it ought to be made clear that all that can be done without legislation is with regard to the question of facilities?—Yes, and even as regards facilities the Post Office could not undertake any financial responsibility without the authority of Parliament. It could not in any way, as I think has been suggested, guarantee the solvency of the companies that its agents were allowed to recommend without authority from Parliament.

2921. But has it so much power as to allow its sub-postmasters or, if you like, its postmasters to take a commission for doing business without fresh power from Parliament?—Its subpostmasters—yes. As regards established officers, the point is somewhat more difficult, because the question of their right to pension would come in, and how far, if they were allowed to undertake business of a non-official character, it would affect their rights to pension under the Superannuation Acts. But speaking without having examined that point carefully, I should say that the Postmaster-General could permit that.

2922. That being so your evidence as regards this matter should be taken in the light of what you have said about its all being subject to a recommendation from this Committee that further powers should be given and that no question of the first of July could possibly come in. The whole of your evidence with regard to the general desirability or general practicability of this is subject to an Act being obtained?—It is all subject to an Act being obtained.

2923. Which is really not referred to us strictly in the terms of our reference?—I suppose it comes in under the head of practicability. It may be one of the considerations which make it impracticable.

2924. Yes; but I mean that it is a little bit further off than I thought. I did not realise that the Post Office had no general powers whatever, except such as are conferred by Act of Parliament?—That is so.

2925. I think I may perfectly rightly ask: Are the limitations that you suggest almost invariably insisted upon by the Post Office—that everything that is granted in the way of compensation has been a matter not of right but of grace?—I think that is so in all cases.

2926. Then I presume that that would tie your hands in any competition with outside?—Except that

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the Workmen's Compensation Act itself applies to Government departments.

2927. Parliament has limited it there in another form, namely, in regard to the amount that can be claimed?—Yes, it has limited the amount that can be claimed; but an employee could take proceedings in the matter against the Postmaster-General as his employer exactly he could in the case of a private employer.

2928. Is that a new departure to some extent?—Not in connection with this last Act. I am not quite sure, but I think that that was introduced by the Act of 1897.

2929. The Parliamentary obligation now extends to the Post Office staff?—Yes.

2930. Therefore you will have to have some scheme of your own for dealing with this Act?—The question of whether there should be a scheme or not, or whether we should merely leave the Act to its ordinary operation, is under consideration now, and I think the decision is likely to be that we shall not have a scheme but shall simply come under the ordinary operation of the Act. The particular point to which you have called attention, that there is no liability except for injuries which disable for more than a week, does not really affect us, because in all cases of incapacity from accident, under the ordinary sick leave rules, we give full pay from the beginning; that is to say, on that particular point we give much more favourable terms than the Act; and, therefore, the limitations of the Act in that respect do not affect our ordinary practice.

2931. Is that a scheme under the Registrar of Friendly Societies? I do not know that this has much to do with our inquiry, but I should like to know whether that is a scheme registered, or whether the Government offices do that for themselves?—That is not a scheme registered. Those are the ordinary rules, as regards sick leave and pay during sick leave, which were in force certainly before any Compensation Act applied to the Government, and I think long before any Compensation Acts existed at all.

2932. This is really outside our particular inquiry; but I do not quite see how you would meet that supposing you were to insure. Would you always give a man something out of one fund up to a certain point, and out of the insurance fund after he had reached that point? Is that the idea?—The principle with all Government business is not to insure. The risks are large enough and widely enough spread to make it worth while for the Government to take its own risk, as it does in the case of fire.

2933. And form no fund?—And form no fund.

2934. The point that you urge generally here is that the Government is not in exactly the same position in dealing with these claims as an ordinary insurance company?—Yes. I think it would be more difficult for the Government to make reasonable compromises. I understand that the practice of the companies is to do all they can to arrive at a reasonable compromise for the purpose of avoiding litigation. That is a course which I think it would be more difficult for a Government department to take, because of the greater pressure that can be put upon a Government department as regards settlements; and therefore I infer that a Government department would almost inevitably have to allow a larger proportion of cases to be settled by litigation. Perhaps I may give an instance of the kind of pressure that I think the Post Office would be subject to. A case came before my notice lately in which some postal orders had been stolen in the post, and the sender had not filled in the name of the office of payment or of the person to whom they were to be paid. In such cases our regular rule is that we do not pay compensation; because the failure to fill in those particulars facilitates the disposal of stolen orders, and therefore is an indirect temptation to Post Office servants, and removes a direct security against the loss imposed. In this case, in accordance with the general rule, we refused to give compensation. The matter was taken up by a member of Parliament, who made appeals *ad misericordiam*. A long correspondence ensued. A considerable amount of time was taken up in inquiries and reports, and in the end, in that case, the refusal was maintained. But it is a constant experience that pressure of that kind is brought to bear—pressure of a kind to which I imagine companies are not subject, because in their case there is not the ready means which Parliament offers of bringing such pressure to bear.

2935. If I was *advocatus diaboli* I might suggest that the real origin of the litigation was the extraordinary rule which suggests that you should fill in something, because your own servants are not honest enough to carry it; just as you are bound to stick on stamps at a telegraph office, which you are not at a railway station. But I do not think cases of dishonesty can prove much?—The Post Office provides certain securities for the public against a risk to which, whatever may be the honesty of Post Office servants, these instruments are necessarily exposed—risks arising not necessarily from Post Office servants, but possibly from people's own servants. It appears to me to be quite reasonable to treat differently in the matter of compensation persons who have availed themselves of these very simple means of protecting themselves against risks and those who have neglected to avail themselves of them.

2936. That is under statute, I presume, and if there was a case at common law the judge might possibly take another opinion. If you were a banker sending a cheque, and it was lost, I presume, possibly the law might not take the same view on the subject. However, I have got rather off the question before us?—May I say that I quoted that case not as showing the reasonableness or unreasonableness of the Post Office regulations, but merely as an instance of the kind of pressure to which a Government department is exposed.

2937. That I understand; and very often perfectly unreasonable cases, I presume, get attention, and pressure can be brought with regard to them in a way in which it could not be brought on a private company?—Yes.

2938. (*Mr. Turpin.*) You say that the Post Office could not undertake this business without legislation. Could you not collect premiums for insurance offices without legislation, and transmit them on?—I think that that would be a question of how it was done. If members of the public merely took out postal orders or money orders for transmission to companies, it would be within our competence to create some special machinery for crediting the company with the amount of those orders, but I think it is a somewhat doubtful question whether we should be at liberty without legislation to make Post Office servants actually agents of the companies for the purpose of receiving premiums. But perhaps that is a point upon which Sir Robert Hunter's opinion would be more valuable than mine.

2939. (*Mr. Davies.*) With regard to the question of a Government department being subject to pressure, we have had curiously opposite views put before us by witnesses. Some of the witnesses have assumed that bogus claims would practically disappear if the Post Office were the insurer, because people would be so impressed with the majesty of a Government department that they would behave as in the presence of the law itself. That was the suggestion of a seafaring witness certainly. Would your experience of the claims to which the Post Office is subjected already, lead you to think that there was any widespread terror of the Post Office of that kind?—No, I have not observed signs of such terror.

2940. The insurance companies appeared to take rather your view. They thought that the Government would pay claims which it knew to be bogus rather than appear in the law courts, and would not make a fight when it ought to make a fight. As far as you can form an idea of the way in which a Government department would be bound to bend, would you think it would be in the direction of yielding rather than of fighting?—I find it difficult to say, because I think it would depend so much on what view it was found in practice the courts were likely to take. One point which I think is clear, is that the Post Office would be at a disadvantage as regards negotiating a settlement of doubtful claims for something less than the full compensation claimed. One witness, I notice, expressed a strong preference for the Post Office as an insuring agent, on the ground that it would deal liberally with claims, and practically that it

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would be subject to pressure from unions and other organisations representing workmen.

2941. (*Chairman*). Do you think that these disadvantages could be avoided by a limited system?—The more the system could be simplified and rendered uniform the less would be the objection.

2942. Of course all this is subject to your answer with regard to the necessity for an Act of Parliament; therefore I hope that we shall not take up too much time in going into the various forms of limitation, because they are perfectly endless. But possibly I might put this to you. It seems to me that, broadly speaking, there are two forms of limitation. There is the limitation of risk and the limitation of money. I presume that either of those would, to some extent, alter the Act of Parliament as it stands. Whatever you do in the way of limitation is not the carrying out by the Government of the universal system which the Act enjoins, but is a means of giving certain facilities to a certain class?—The Act says nothing about insurance at all, or only mentions it incidentally, and the liability of the employer would remain unaltered whatever system of insurance was started by the Government. The effect would be, that in so far as the system of insurance was limited, the balance of the claim would have to be met by the employer and not by his insurer.

2943. Yes. Possibly I did not put my question very clearly. What I mean is that the case for the Government taking up this form of insurance is, that it is to meet an obligation that is practically a compulsion, as some of the witnesses have said, made by the Act of last year, and that any form of limitation does not meet the whole of the Act?—No; that is true. I suppose that the argument would be that if a man was very anxious to cover his whole risk he could go to a company, but that the State system would at any rate cover that portion of the risk that was likely to be a crushing burden, and that if he was content to be relieved of that he might very well be left to bear the rest himself.

2944. No doubt you have read the evidence of the witnesses from the Home Office—I must not call it Home Office evidence, because both witnesses carefully stated themselves to be not representing the Home Office, but only their own individual opinions; but the suggestion was that a limited policy might be arranged which would be popular and at the same time profitable. I suppose, on the question of profit, you have hardly been able to form any opinion with regard to any of these limited schemes?—I think that the limited schemes were recommended by Mr. Herbert Samuel, on the ground that a very much lower premium could be charged if the nature of the risk taken were limited. Mr. Herbert Samuel's suggestion, I think, was that the Government might insure against claims arising out of injuries which disabled for more than four weeks. His argument was that by limiting the risk taken in that way very much lower premiums could be charged, and that therefore that form of insurance could be rendered attractive to the poorer class of employer. With regard to that, I should like to say that he appears to me to have over-estimated largely the reduction which could be made in the premiums. Taking the case of a domestic servant, 2*s.* 6*d.* may, I suppose, be taken as the standard premium now. Of that 2*s.* 6*d.* something approaching 40 per cent. must be taken as representing expenses, which would be only slightly diminished by the limitation of risk; that is to say, that out of the 2*s.* 6*d.*, 1*s.* represents expenses, and the remaining 1*s.* 6*d.* profit and compensation to be paid. Mr. Herbert Samuel estimated that the limitation of risk in the manner suggested would diminish the claims to 72 per cent. of what they would be if the whole risk were taken; that is to say, you would knock off about a quarter. A quarter of 1*s.* 6*d.* is only 4½*d.*, so that, allowing a slight reduction of expense in respect of the diminished number of claims, I doubt very much if the premium could be reduced by more than 6*d.* That is to say, if half-a-crown were the premium for full insurance, I doubt if this limited insurance, only meeting cases of injury lasting more than four weeks, could be effected by a premium of less than 2*s.* I doubt whether that difference of 6*d.* would be sufficient to render the limited form attractive.

2945. At any rate, I presume the whole of that is on an elaborate mathematical calculation. The popularity of the policy is speculative, otherwise it is perfectly clear, I suppose, that the insurance companies or some of them would have adopted it?—Yes.

2946. I should like to ask you, have you considered this question: For a limited policy of that sort, presumably you must have machinery for carrying it out and a final appeal to the doctor under the Act? That, I suppose, would be, in some parts of the United Kingdom, new machinery?—I think that perhaps the medical machinery would be the machinery that we could most easily supply, because we have medical officers practically throughout the kingdom now, and I imagine that in most cases the medical officers who do our ordinary post office work could conveniently take this work as well on a scale of payment of so much per case.

2947. But presumably the big insurance companies equally have their machinery at work all over the kingdom?—Yes.

2948. And yet they have never started, so far as we have heard, one of these limited policies?—I am not aware that they have done so; and that would seem in itself to show that the limited policy is not considered to be likely to be popular. I observe from the advertisements of the companies that the tendency is rather to widen than to narrow the risk taken; they advertise policies taking all risks, including risks from illness as well as risks from accidents; this would seem to show that the popular thing is rather an extended than a limited policy.

2949. But at any rate, to come to a question of fact, for all this has been purely our own imagining, you have no evidence from your experience at the Post Office to show that such a policy is demanded or likely to be largely used as far as you are concerned?—No, I have no such evidence.

2950. Is there anything you wish to say more generally as to limitation?—We have been speaking hitherto of the form of limitation advocated by Mr. Herbert Samuel, namely, the limitation based on the time for which the injury lasts. Limitations have also been suggested, based either on the amount of wages paid or on the nature of the employment. It has been suggested, on the one hand, that the Post Office might undertake risks limited to small employers; or, on the other hand, that it might undertake particular classes of employment, such as domestic service. As regards the first, it would diminish very little the complexity of the risks. It appears to me that there would be almost as great a variety of risks in connection with small employments as with large employments, and risks possibly even more difficult to classify, because they fall less readily into certain specified classes. I am not very familiar with the nature of the small employments, but there must be a great many different varieties of blacksmiths' and carpenters' and builders' work which is done in remote districts very often by very small men; and I observe in the evidence mention of such trades as sausage-making, loom card-piercing, and small printers' works. Those are simply a few instances of the small employments that I have seen mentioned; but I imagine there would be a great variety of such employments, and that there would be nearly as much difficulty in classifying those risks as there is in classifying risks if the larger employments are included. It has been pointed out by other witnesses that if you limit your scheme by the number of persons employed you will get into difficulties in the case of employers who temporarily for any reason exceed that number. Then it has also been suggested that certain particular classes of employment only might be taken. That appears to me to be the most satisfactory way of simplifying the risks. If domestic service only were included, I suppose the risks could be reduced to four or five classes; but it appears to me doubtful whether such a system would cover the ground in the remote districts supposing that the ground is not covered there already. In the small country villages there are probably very few domestic servants. I should be surprised to hear that in a remote village in the West of Ireland there were many domestic servants employed.

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So that, speaking generally, I would say that that form of limitation appears to me to be the one best calculated to simplify the risks in such a manner as to suit them to the Post Office organisation; but that it is doubtful whether a scheme on such a basis would meet the requirements of the more remote places, where, as I understand, it is supposed that Post Office agency is most required.

2951. I think that there is only one other form that has been suggested to us (by, I think, a witness from Devonshire), that possibly it might be convenient to sell a ticket, as it were for one day, covering the insurance of, say, a stray haymaker or a stray fisherman, at a very high rate, to enable a man who wished to get a sudden insurance to do so. I suppose it is purely speculative as to what the risk would be, even if you cut out those that they rate at the very highest risks. It really, I suppose, is not a scheme that you have considered at all?—I have not considered that. In any scheme of that kind the policy would still have to be a personal policy. You could not issue an impersonal ticket as you issue a postal order.

2952. It would, as I think you said in your evidence just now, be against the tendency that seems to be going on in all these insurance businesses, to enlarge rather than to limit the risk; that is to say, it would be trying to take a little bit and probably would not be successful?—Yes.

2953. That finishes, I think, what you have to say on the limited system, does it not?—Yes, I think so.

2954. (*Mr. Denman.*) Dealing first with the scheme that limits the classes, how would the Post Office justify the offering of policies to cover one class and not another, if the risks of the occupation in each case were fairly similar?—I do not think it could be justified logically. It could only be justified on grounds of practical convenience.

2955. Do you think it would give rise to complaints in a village if your sub-postmaster had to decline to issue a policy for a shop assistant in a small shop?—I have no doubt it would, especially in the case of people who employ domestic servants and shop assistants. If they could insure their domestic servants with the Post Office, but had to go to a company to insure their shop assistants, I think that there would probably be complaints.

2956. And I suppose that difficulties would arise with the companies if the Post Offices took on a certain class and left them to deal through the same persons, their agents, with other classes?—I have no doubt that there would be complaints from the companies as regards any form of competition, but I do not see why they should complain more of a limited form of competition than of a complete form.

2957. I take it that the expenses to a company working under this Act will be small in proportion as it can absorb quantities of business in any locality?—I imagine so.

2958. And domestic servants, I think, number about one third of the persons brought in under this new Act?—Yes.

2959. So that the withdrawal of any mass of that business from the companies would tend to make their operations more expensive for the remaining classes?—Yes, no doubt; but that consideration, I think, applies to any form of insurance by the Post Office, whether limited or unlimited, and not specially to a limited form; because a limited form does not contemplate that those classes should be compelled to insure with the Post Office. The Post Office would only compete for that business with the companies just as it would compete for the whole of the business if it undertook an unlimited form.

2960. It might even result, from that point of view, in a company withdrawing from remote districts altogether, on the ground that the remaining business was not worth their while to seek?—Yes, it might have that effect; that is to say, that if the Post Office were prepared to take a part of the field it might result in the company withdrawing and the remainder of the field being left uncovered altogether.

2961. Whereas if the Post Office undertook the insurance of all classes, it might simply mean that a certain type of business would not be done by companies?—Yes; and in that case, if the company withdrew, the whole field would still be covered.

2962. On a slightly different point—if it were suggested that the Post Office should undertake the insurance of domestic servants, would you feel it necessary to issue any further instructions to your sub-postmasters, in view of the fact that you could hardly get a scheme ready by July 1st, and that at present many of them might be accepting risks of that nature on behalf of companies?—It would clearly not be convenient for sub-postmasters to act as agent for companies in respect of business in which the companies would be in competition with the Post Office. I therefore think it would be necessary, if it was intended that the Post Office should undertake that business, that sub-postmasters should be told that they were not to undertake agencies for that business; and as it would probably be impracticable that a sub-postmaster should act as agent for a company in respect of certain classes of business, and not in respect of other classes of business, that would amount to telling sub-postmasters not to undertake agencies for companies at all.

2963. Assuming that you could not get your scheme ready by July 1st, it would then mean a withdrawal of the existing facilities from the public for effecting these insurances between now and such time as you could get it ready?—Yes, so far as sub-postmasters have undertaken or are about to undertake such agencies.

2964. We have been considering up to now the limitation of schemes in which the Post Office was acting as principal?—Yes.

2965. There are other forms of limitation by which the Post Office could encourage the use of its organisation by existing companies?—Yes.

2966. The first suggestion that we will consider that has been put before us is, that the Post Office should be used for the purpose of advertisement; do you see grave objections to that?—What exactly is the scheme in question: that lists of companies and documents regarding them should be available for applicants at post offices; or that some further steps should be taken?

2967. Lists of companies has, I think, been one of the suggestions most frequently mentioned?—The only objection I see to that is the difficulty of deciding what companies should be admitted to advertise in post offices. Advertisement in post offices might be taken, and I think probably would be taken, to imply some guarantee or at any rate expression of opinion on the part of the Government as to the solvency of the companies. It is obviously undesirable that the Government should lend itself to the advertisement of unsound companies, and I see considerable difficulty in determining which companies are solvent for the purpose, and which are not.

2968. The fact of advertisement, I suppose, would also be regarded as some guarantee that the company would deal justly and impartially with claims?—It would no doubt be taken to imply a general approval of the company, including its methods of business.

2969. Speaking generally, if the Post Office in any way undertakes to persuade people to insure or to offer facilities for insurance, it is bound in the mind of the public to have accepted certain responsibilities for the general conduct of those companies?—Yes, I think that is inevitable.

2970. In fact, the only way by which the Post Office organisation could be utilised at all for insurance against workmen's compensation without putting on the Post Office a certain degree of responsibility would be the maintenance of the *status quo*, which is that sub-postmasters can act as agents of their own free will?—I think that if we go at all beyond that, a certain degree of responsibility is necessarily involved. The degree of responsibility would vary with the precise steps beyond that which were taken; but that some additional responsibility is involved is clear.

2971. Assuming that the Committee were of opinion, on the evidence before them, that it was necessary that the Post Office should take further steps, you would

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regard it as important that the Post Office should have some power of, if not controlling, at least criticising the operations of the companies transacting business through sub-postmasters?—It appears to me that if the State through any of its organs is going to take any part in the advertisement or pushing of workmen's compensation insurance business, it is essential that the State should discriminate between companies which it can approve and companies which it cannot approve. If it is to undertake that kind of discrimination, it seems to me very desirable that that should be laid down by Parliament and not undertaken as a purely administrative measure without Parliamentary sanction. If proposals for undertaking such a discrimination should be presented to Parliament, the question would, of course, arise, what organ of the Government would be the appropriate organ for exercising that discrimination. The Post Office, it appears to me, would not be the most appropriate organ. Advertisement and agency to some extent might be undertaken by the Post Office; but if, as I think is inevitable, that is to be combined with a discrimination between companies, that discrimination might, in my opinion, be more suitably undertaken by other agencies than the Post Office. There would, indeed, I think, be a distinct advantage in arranging that the Post Office, while undertaking to facilitate the business in those ways, should not be at the same time the discriminating department. Which department would be the appropriate one for that purpose I am not sure—I presume either the Board of Trade or the Registrar of Friendly Societies. Both of those departments have business which is analogous in many ways to such a discrimination, while the Post Office has not at present any business, as far as I am aware, which is at all analogous to it.

2972. I suppose you could practically compel sub-postmasters to become agents of approved insurance companies. There would be no danger of refusal, would there? They would earn commission?—I do not anticipate that there would be any reluctance, unless it were in the case of very small sub-postmasters or mistresses, who would be really incapable of undertaking it.

2973. On the other hand, you would expect that there would be fragments in the organisation that the companies would not wish to utilise?—You mean the very small offices that I was speaking of?

2974. Yes?—Yes.

2975. (*Chairman.*) We had evidence on that. We had an offer to take them all?—I do not know whether the witness who gave evidence to that effect was familar with the calibre of some of the smallest sub-postmasters.

2976. (*Mr. Denman.*) The point is important when one considers whether it would be preferable for the Post Office organisation to be open to many companies or to one. It would be simple to insist that one company with whom you entered into a contract should accept as its agent every sub-postmaster; but it would be very difficult to persuade companies who were interested in different parts of the Kingdom to accept such a man as agent?—I see great difficulty in selecting any one insurance company. I do not quite see on what principle you could select one unless you put it up to tender and took the highest bidder.

2977. On the other hand, you also think there are difficulties in selecting many?—It appears to me that the most practicable plan would be to allow any approved company to take any sub-postmaster for its agent, and to leave it to competition between the companies to settle which of them would get the sub-postmasters.

2978. (*Chairman.*) I want to get this clear. Supposing a scheme of that sort were arranged, you mean that you would open your post offices to any of the approved companies?—Yes.

2979. Not taking further responsibility than the particular condition that nobody has yet entirely solved. I want to get quite clear in my mind what it is. It has been suggested that any company under the Bill which is now before Parliament would suffice. That is the only concrete suggestion that we have had, as far as I remember. You suggest that someone else should choose—and I do not wonder?—Yes, exactly. What I mean is, that if by some means or other a list of approved companies were settled, we might then state publicly to them and to all the world that our sub-postmasters were at liberty to accept agencies for any of those companies, and leave it to be fought out between them and the sub-postmasters, which particular sub-postmasters accepted agencies and for which particular companies.

2980. (*Mr. Denman.*) On the other hand, the Post Office would then have some responsibility in the public mind for the conduct of these companies. But it would retain very little control. No one of these companies would particularly object to coming out of an arrangement of that kind. Assuming a case of a company treating a man hardly; it would be said, "That is the Post Office insurance scheme; see how we "are treated under it." The Post Office would have very little power of protecting itself against those charges. Supposing you have forty companies?—I understand the question to be this: If a list of approved companies is settled——

2981. (*Chairman.*) You do not want to call them approved, I gather—the list of companies. The approval is a private approval, is it not?—I am assuming that the Board of Trade or the Registrar of Friendly Societies would be entrusted by Parliament with the task of saying which companies were to be accepted as approved and which were not. Assuming that task to have been accomplished in accordance with the conditions laid down by Parliament, I understand Mr. Denman's question to be: How would you deal with the case of a company which after being admitted to the approved list acted in an unfair manner as regards the settlement of claims.

2982. (*Mr. Denman.*) Yes?—My answer is in the first place that the competition between companies is a considerable check on unfair action; and in the second place, that the authority, whatever it was, that was entrusted with the task of settling this list would presumably be entrusted with the task of removing companies from the list if they ceased to comply with conditions which had secured their admission to it.

2983. On the other hand, it would mean very much less to a company that only had a small fraction of the Post Office organisation to come out of the Post Office organisation altogether, than it would if you had a contract with one company to do the whole business?—I think that removal from the approved list would probably be a serious matter to a company in any case. I do not anticipate that it would be a matter of indifference to a company. But I do not think that that fact diminishes the initial difficulty of settling the list, or the continuing difficulty of determining which companies should remain in the list. That difficulty is, I think, a very great one.

2984. I am rather more fearing the difficulty of the company withdrawing from the work if any pressure was attempted to be put upon that company to deal with particular Post Office business on lines different from its ordinary business?—If it withdrew I do not know that much harm would be done. I thought that the difficulty that you were speaking of was the difficulty of inducing it to withdraw.

2985. No. I am rather more afraid, I think, of the Post Office organisation becoming less popular than it at present seems to be in the minds of some of the companies?—Because it would be used as a lever for forcing them to do business in ways that they did not want to adopt.

2986. Yes, in ways which it might be inconvenient far them to adopt with other agents?—Yes.

2987. Whereas, on the other hand?—On the other hand, I think that, whether a company attached much importance to the Post Office section of its business or not, it would be rather a severe blow to the prestige of a company if its name were struck off this list.

2988. It might remain on the list but do no business. The company might withdraw voluntarily and still be left on the list as one solvent and satisfactory?—It would be a question as to the precise conditions laid down, whether the general conduct of the business of a

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company, apart from the conduct of the particular part of the business which was done through the Post Office agents, should be scrutinised or not.

2989. Also how would you expect to put pressure upon any of these companies to do business in the more remote sub-offices?—I do not think you could put any such pressure on the companies.

2990. Then I should like to ask what you would think of entering into a contract with a particular company to undertake to offer an agency for employers' liability insurance business to every sub-postmaster in the United Kingdom?—I should anticipate considerable difficulty in getting a proposal of that sort through Parliament, because I think that it would be very strongly opposed by the companies. I think there would be great difficulties, as I have already stated, in selecting one company to do business with the Government in that way; and as regards the proposal that it should undertake to use every sub-postmaster as its agent, I think the difficulty arises of the unsuitability of many of them.

2991. Would an Act be necessary for such a contract?—I think that you had better ask Sir Robert Hunter that question. *Primâ facie*, I should say yes.

2992. Government Departments are well accustomed to the art of selecting either individual firms or individuals to perform the work for them, are they not? Does not the Post Office select bankers?—Yes; but we do not give a monopoly to one bank throughout the kingdom; we select the banks which are convenient for the business in each particular place, the bank which in each locality provides suitable facilities. That is surely a very different matter from saying that we would do all our banking business throughout the United Kingdom with one particular bank. If we did that I think that there would be considerable complaints from the other banks.

2993. (*Chairman.*) Upon that, as I understand it, there are two separate questions involved: one is the question of agency and the other is the question of advertisement?—Yes.

2994. There are possibly two different schemes for meeting something of this sort. Does advertisement necessarily involve agency? Did I understand your evidence to go so far as to say that if a list of insurance companies were hung up in the post offices that practically means that the Post Office guarantees the insurance companies?—No. I think that merely hanging up a list in the Post Office implies a much less degree of responsibility than accepting an agency; but at the same time I do not think it would be desirable that the Post Office should admit to its offices advertisements of actually unsound companies.

2995. No. I am not speaking of that; I was trying to get at the point of to what extent you commit yourself *quâ* Government Department to being an agent by accepting facilities. I should not have thought you did so any more than you did in the case of putting up cable companies' advertisements?—No, I do not think we do.

2996. I only wanted to get that clear.—Exactly.

2997. (*Mr. Denman.*) You suggested putting such a contract up to tender. There would be no special difficulty about that, would there—making the basis of tender not the handing over of sums of money, but the provision of perhaps special facilities or extra guarantees of solvency?—Conceivably there might be a competition of that kind. I think it would be difficult to arrive at a definite conclusion. There are a number of companies, I suppose, whose solvency is above any question, and, so far as I am aware, their premiums are very much on the same level. I see considerable difficulty in discriminating between such companies and selecting one.

2998. It would be possible, I suppose, to invite a certain number of companies to state what value of securities they would be willing to deposit with particular trustees by way of special security for policies taken out from post offices?—I am not familiar with the methods of business of insurance companies. I should have thought that there would be considerable objection to ear-marking a particular part of their funds to a particular class of policy. Is not the plan of companies as far as possible to make the whole of their funds available for the whole of their risks?

2999. I am assuming that a certain number of first-class companies would be willing to tender on such a basis. Perhaps we might have to get evidence from other sources on that point?—Yes, I am afraid it is a point upon which I cannot give you much information.

3000. Assuming that they would, does it not provide a somewhat satisfactory method of selecting?—Possibly; except that if a company is solvent beyond question, I do not know that there is much advantage in setting aside special securities for a special class of risks.

3001. (*Chairman.*) As I understand it, you have the power of seeing what is up in your offices?—Yes.

3002. And you have the power of making your agents transmit money; at least I presume that is so?—We undoubtedly have the power of admitting advertisements to our offices, and we have the power of allowing sub-postmasters to undertake agencies for companies.

3003. Perhaps I ought to put it in a negative way. Have you the power of seeing that certain advertisements shall not be put up?—Yes, we have the power.

3004. Have you power to say that your men shall be agents; or does that rather depend on the particular circumstances?—I think we could make it a condition as regards acceptance of office by future sub-postmasters, that they should accept an agency for an insurance company. Apart from the question of the expediency of imposing such a condition, I think we have the power to impose it, but I doubt if we have the power of imposing it on existing holders.

3005. I presume that you also have the power of transmitting money practically free for your own purposes; or do you charge for that?—The transmission of money, whether for Government purposes or any other purposes, costs something, and costs very nearly as much as the poundage charged to the public. The profit on that business is very small. So that doing the business gratuitously does not mean that you can do it for nothing.

3006. No. And I presume you have found out, as we have in the railway companies, that the only way in which to get it done fairly is to charge every department the same rate and let them have a cross entry?—Yes.

3007. So that there is not very much in what one of the witnesses suggested with regard to free transmission of money?—No. That is a point upon which I have something to say when speaking of the expense of the business.

3008. Practically speaking, that is as far as your powers go over your agents, except the power of dismissal?—That, I think, is as far as our powers go, and further powers would require an Act of Parliament which, as the Chairman has pointed out, could not be passed in time to come into effect before the 1st July, unless it were an Act that commanded universal assent and was allowed to go through without opposition.

3009. (*Mr. Davies.*) As regards advertisement in post offices, if at the present moment a sub-postmaster chose to accept the agency of what the Post Office with its present knowledge might feel sure was a bubble company, it could not prevent his putting up a flaming advertisement in the shop, where the post office is, of the attractions of that company, could it?—I do not know whether we have as a matter of fact exercised any control over the advertisementsthat sub-postmasters put up in their shops; and I think it would be undesirable to do so unless it were a case likely to create a public scandal, or there were other special reasons. We should certainly, I think, object, and have the power to object, to a sub-postmaster putting up in his shop anything that was likely to give rise to a public scandal.

3010. You think that so long as the agency of sub-postmasters for liability insurance companies is purely private, the public will not be misled by any advertisements of that business which they may see on post office premises?—I think that the public discriminate pretty well between the sub-postmaster's private business and his Post Office business.

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3011. To follow one aspect of Mr. Denman's last question, he spoke of the Post Office doing the business of one company. But if anything in that connection were being considered, would not you think that the advantage would rather be in letting one company do the business of the Post Office and that it would be better, rather than that the Post Office should act as agent for a single company, that the Post Office should do the business, or accept proposals nominally as a Post Office matter and let the company do the rest of the business? —That is to say, that it should be Government insurance farmed out to a company?

3012. Yes, practically?—The Government taking the risks and the company getting the profits? I doubt that that would be a very practicable arrangement.

3013. You think on the whole that it would be no more practicable than that other aspect which was put to you?—I think not.

3014. You think that for the Post Office to take partial risks in the whole field of liability insurance, that is to say, nothing but serious disablement or death, would be practically as difficult as for it to take up the whole business, because the range of classes covered would make the business too complex?—I think it would be as difficult as regards the issue of the policies and the settlement of the premiums, and only slightly less difficult as regards the settlement of the cases. The number of cases to be settled would be diminished, but they would be the more serious cases and therefore the more difficult ones to settle.

3015. So that therefore, even assuming legislation, partial risks over the whole field may be dismissed as too complex for the Post Office to grapple with at the outset with its present organisation?—Yes, I think so.

3016. So that if there is to be a limitation you think there would be less objection to taking the whole risk in a limited field, that is to say, selecting domestic servants, shop assistants, or any simple classes?—Yes.

3017. Of the two forms of limitation, that is the less objectionable?—Yes, and I think that that form is less objectionable than a limitation depending upon the size of the employer's business.

3018. (*Mr. Kirkwood.*) Do you think it would be practicable for the Post Office to take up the insurance of domestic servants only. Would it not be necessary in course of time to extend it to the insurance of small employers generally?—I think there would be strong pressure to extend it, from the practical inconvenience that that form of limitation would produce

3019. The domestic servant and the shop assistant, and the domestic servant and the outdoor labourer would be mixed up. They would be in the employment of the same employer?—Yes.

3020. And the Post Office would naturally have pressure brought upon it to include the labourer in the same policy as the domestic servant, and the shop assistant in the same policy as the domestic servant?—I think so.

3021. And eventually the Post Office might find itself in the position of having to undertake the insurance of small employers in various trades and occupations?—I think it is likely that that would be the result.

3022. And that would lead to the insurance becoming somewhat complicated?—Yes, and I do not think that the extension could very well stop at the small employer. The difficulties that would arise from a limitation of that kind have already been pointed out, and I think there would be pressure to extend that limit also.

3023. So that really if the Post Office started with the insurance of domestic servants, they would find themselves ultimately in the position of having to take up the whole of the insurance under the Workmen's Compensation Act?—I think that that is probable. The permanent official is supposed to be over fond of the "thin end of the wedge" argument; but I think that in many cases there is something in it, and that is probably so in this case.

3024. (*Mr. Turpin.*) Do you think it would be desirable that the Post Office should get a little experience in this kind of insurance business in view of the eventuality of compulsory insurance in the distance?—The question assumes, I think, that if compulsory insurance was introduced it would necessarily be Government insurance.

3025. Not necessarily Government insurance, but I think that the Government ought to appear on the scene with regard to it?—I am not quite clear that compulsory insurance necessarily implies that the Government must intervene.

3026. It will be desirable then, I think, if it is not now. We have the existing offices formed into a tariff ring—40 offices. If a man is compelled to go to this organisation, there will be no control of premiums. You want something like Government insurance to keep the premiums down?—I think if compulsory insurance were introduced it might be necessary to have some Government guarantee of the solvency of companies, or some system of mutual insurance between the companies, with the assistance of the Government for their solvency. I do not know whether such a scheme would be possible, but I saw it stated by one of the witnesses that it does exist in some other countries. If such a scheme is possible it appears to me that it would go far to render unnecessary the intervention of the Government as the direct insurer, even in the case of compulsory insurance. Mr. Turpin has mentioned the question of control of premiums.

3027. That is most important?—If existing companies joined a ring to put up premiums, I should have thought that the inducement for the formation of new companies would have been sufficient to prevent the undue raising of premiums.

3028. (*Chairman.*) And mutual associations?—And mutual associations.

3029. (*Mr. Turpin.*) I do not think that that is the experience of fire offices. The strong offices are in the tariff, and the others that cannot become so strong cannot get the business. They all try to?—I understand there is considerable difficulty in new companies starting, but I do not think the effect has been in the case of fire insurance to run the premiums up to an exorbitant figure. I imagine that it acts in this way, that the tariff companies know that if they put them up to an unreasonable figure there would be an opening for new companies.

3030. I am a victim of having to pay 50 per cent. more premium on my insurance since the tariff came in, so I know. You do not think it is desirable then that the Post Office should have a hand in this business for the purpose of getting experience?—I think that if it were certain that ultimately the Government was going to undertake a general system of insurance, it would probably be desirable to make a beginning now; but I am not convinced that that is the case, and on the other hand it appears to me pretty certain that if the Government made a beginning now it would be forced on into a general system later. That is to say, making a beginning now would, to a considerable extent, prejudge the decision as to what would be the proper system if and when compulsory insurance is introduced.

3030*a*. A very good form of limiting the scope of your operations would be, I think, to have a limited policy on domestic servants of private individuals, leaving the business people to settle their own business with the insurance companies. That would be a great advantage to a large section of the community who are not used to business?—A policy without other limitation than with regard to domestic servants of private persons?

3031. Yes?—Taking the whole risk?

3032. The whole risk, or the partial risk, by which I mean permanent disablement and death. There are lots of private individuals who only want to be covered to that extent and who deal with the rest now. You could offer that or cover the whole legal risk, and you could have, I should think, settled forms to cover it?—If it were decided that it was indispensable that the Post Office should undertake a system, I think that a system limited in some such way as that would probably be the least objectionable. I have already expressed the opinion that the most practicable form of limitation would be a limitation to certain particular classes such

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as domestic servants, and the further limitation which you suggest of limiting it to private persons might be possible, although I should find it rather difficult to say what a private person was.

3033. Their domestic servants in their private capacity?—But does anybody employ domestic servants except in a private capacity, unless it is at an hotel.

3034. Exactly. Hotel servants are not employed in a private capacity. But take a private individual who has a domestic servant, and a person that has not business to do in other ways?—The person who employs domestic servants in his private capacity may have a good deal of business to do in other ways.

3035. Then he need not go to the Post Office. You could almost have a stereotyped form of policy and proposal form, making it very simple indeed and almost like a licence?—Yes. I think that some such limitation as that would be the most practicable, but I rather doubt the practicability of making part of the limitation a limitation to employment in a private capacity. It seems to me to be rather an indefinite definition.

3036. If you did that the 40 per cent. for expenses would go down materially—if you could stereotype all the forms?—I propose to deal with the question of expenses later on; so, perhaps, you might leave that.

3037. (*Chairman.*) On that question of Mr. Turpin's, I presume that if you start with a particular limitation of this sort, it again raises the whole question of an Act of Parliament, and the question whether it should not be extended?—Certainly.

3038. Those two questions are both involved, and I have rather kept off that?—Yes.

3039. Do you look on the question of what I may call leaving the door open to prevent a ring, as of no importance. Do you believe that competition does or does not exist between insurance companies or potential insurance companies; or do you really give no evidence on that subject?—I do not think my opinion on that subject would be of much value. I have no special information.

3040. Another point on the matters that have been dealt with is this. You stated in part of your evidence that there would have to be an inevitable discrimination if several insurance companies were listed in any post office?—Yes.

3041. Is that discrimination any more impossible than in any other form of business that a small man has to undertake? From your experience at the Post Office, is it more difficult to undertake discrimination? If a man comes in and says, "I want to insure with a solvent company," the postmaster puts twenty names before him and he says: "I cannot tell you, but these are all good ones." Why is there an inevitable discrimination?—I do not follow. It seemed to me that if the Government adopts definitely the system of admitting companies to advertise in post offices, it is bound to exercise some censorship over the companies that are admitted. We could hardly say, "We will "admit any company, that likes to apply, to advertise "in post offices."

3042. The discrimination which you allude to is not with regard to the individual postmaster, but with regard to the department?—No; I mean the discrimination of the department with regard to companies that would be admitted to the approved list and those that would not.

3043. That is the cardinal difficulty that we have all felt. This is the most important subject. Is there much that you want to say on the other points?—I have some figures to put in as to expenses.

3044. Do you think that a rough and conjectural estimate can be given of the cost of a very simple system as regards the issue of policies?—Yes. For making that estimate I have taken as the basis the assumption that it would be limited to domestic servant risks, and that therefore the risk would be of such a simple kind that a proposal form could be filled up and policies granted practically without any detailed inquiry or any exercise of discretion as regards the nature of the risk. There would probably be not more than four or five grades of premium for domestic servants, and it would be pretty obvious into which of those four or five grades a particular domestic servant would fall. An estimate has been made on three different bases: in the first place on the assumption that each transaction for the issue of a policy would cost about the same as each individual savings bank transaction, and that the postmasters or sub-postmasters would be paid a commission of 10 per cent. on the premium. That s a lower percentage than is paid ordinarily, I believe, to the companies' agents. On that assumption, and assuming that the average premium payment on each policy would be 5*s*., which of course is purely conjectural, the cost would be 11½*d*. per contract. A calculation has also been made assuming a similar system, but considering in detail what the procedure would be and what would be the cost of each stage of the procedure, and that calculation has been made assuming two different kinds of procedure either of which would be possible. I need not trouble the Committee with the details of those estimates, because the whole thing is very conjectural, but in one case the cost comes out at 10*d*. per contract, and in the other case at 9*d*. per contract, assuming as before that each contract was of the value of 5*s*. in premium. So that, roughly speaking, these calculations appear to show that the cost of the issue of policies would be somewhere between 9*d*. and 1*s*. per contract.

3045. Had not we better take the whole of the cost together; because, as you say, there is such a vast amount of assumption? The only thing we could get at as a fact, I presume, is the general figures of what staff there necessarily must be. All this is actuarial calculation really, or semi-actuarial?—No, it is not actuarial calculation, because it has nothing to do with the risks.

3046. This is entirely the administrative cost?—Entirely the administrative cost, and merely the cost of the issue of policies and the necessary recording and accounting.

3047. (*Mr. Turpin.*) And not the payment of claims?—This is quite apart from the cost of the investigation and payment of claims. This is on the assumption that the system is an extremely simple one, which would not require any expert force for the purpose of estimating the risks.

3048. (*Chairman.*) Am I to take it that the cost in that first paragraph is purely and simply the cost of handing over the policy to the domestic servant, let us say, or the small insurer, over the counter, and that by the time he gets his policy you estimate that it will cost 1*s*.? Is that the idea?—The insurer comes to the counter, asks for a proposal form, fills it up, and either puts on the proposal form stamps to the value of the premium, or credits the amount by a process analogous to that of crediting a savings bank account. Those are the two different methods that have been contemplated. The form is forwarded to headquarters; it is there recorded in the simplest manner possible, not by entry in a ledger, but by filing the original proposal form, and at the proper time a renewal notice is sent. The cost of from 9*d*. to 1*s*. covers those operations, including the cost of printing, stationery, conveyance by post, share of rent, rates, taxes, and so forth, and the commission of 10 per cent.

3049. Are any materials available for estimating the cost of dealing with claims or the cost of a more complex system?—No. There clearly you come to the actuarial question, and the proportion of the claims that it would be necessary to investigate; and as regards the more complex system, you come into the question of expert staff. In both of those I think it is practically impossible to make any estimate of cost. All one can say is that in some respects the Post Office might be able to do the business more cheaply than the companies. But in other respects it would probably be at a disadvantage, and it would not be safe to assume, taking the thing all round, that the proportion of expenses in the case of the Post Office would be less than those in the case of the companies. Some of the witnesses have assumed that the Post Office could do it much cheaper because it could send things by post for nothing; but as I have already pointed out, the Post Office cannot send things by post for nothing. It costs money to send things by post whether you require an actual

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payment to be made for it or not, and you do not abolish that fact by not requiring actual payment. The cost of actual conveyance is not so great as the cost of the postage charged to the public, because on the penny post at any rate there is a profit; but in making the estimate allowance has been made for that, and the actual cost has been taken at a figure considerably less than the full postage.

3050. It is very unlikely that you would be able to do it cheaper, as far as your figures go?—Yes.

3051. Do you think it would be possible for the Post Office to adopt an average rate of premium?—No. It would be impossible to apply the principle of the penny post—the principle of a general level of risk; because that is a method which is only applicable where there is a monopoly. If you have not a monopoly you get the worst risks and the other people get the best.

3052. You do not agree with the gentleman from Devonshire who thought that it would be convenient to buy a ticket for a day's chance labourer?—No.

3053. (*Mr. Denman.*) You spoke of the companies' charges being 40 per cent. I think that is the basis of your comparison, is it not, with regard to companies' charges?—Yes. I do not speak with authority on the point, but I understand that insurance companies' working expenses may roughly be taken at about 40 per cent. of the premium income.

3054. That was under the old Act, and would not apply to the new business?—Yes.

3055. (*Chairman.*) Have you anything further to say on the general question?—The expansion of Government activities in competition with private enterprise, and the increase of Government employment, are questions of political controversy on which, as such, I do not offer an opinion. But from the administrative point of view, any large increase of the number of persons in Government employment is open to serious objections. Any general system of insurance would mean a large increase in the staff employed.

3056. Supposing that you could increase the amount of sub-postmasters who act as—I hardly like to call them agents after the conversation we have had—but as people who get 15 per cent. I presume that you do not object to the sub-postmasters getting a little extra pay if they can?—Not in the least; I think that that in itself is an advantage.

3057. But the objection which you raise is to largely increasing the field of Government employees from the administrative point of view. Do you mean to say that the growth of the Post Office has made administration more difficult? Do you think that size makes it more difficult; or are you speaking generally?—I think that the administrative difficulties of dealing with persons in direct Government employment increase, not merely in direct proportion to the increase of numbers, but in an increasing ratio.

3058. I see that you state "a large increase in the staff employed." What we have found on railways generally is that the difficulty is not so much the increase in the number of people, but it is giving them too many sorts of duty to do that creates the difficulty. This is adding a new business to a staff that is not suited for it?—I do not think that the special difficulty which arises in Government employment arises in railway employment. The special difficulty arises from the increasing weight of the employees' vote with the increase of their numbers.

3059. That is broadly what that paragraph means; it is the vote?—The vote is at the bottom of it.

The witness withdrew.

Adjourned for a short time.

Sir ROBERT HUNTER, examined.

3060. (*Chairman.*) You have been Solicitor to the Post Office for the last 25 years?—I have.

3061. And throughout that time has it been your duty to advise the Postmaster-General on questions arising in connection with the Post Office Savings Bank with the system of life insurance and annuities conducted by the Post Office, and (since the system was introduced) with the compensation payable in certain cases for loss or damage of correspondence?—That is so.

3062. In relation to the Savings Bank, have you to advise as to the proper mode of distributing the deposits of deceased persons, lunatics, and infants, friendly society, charity and trust accounts, and upon rival or disputed claims to deposits?—Yes, and questions upon the deposits of lunatics, infants, charitable societies, friendly societies, trust accounts, and all that class of question.

3063. Then as to the special machinery for dealing with these questions under the Savings Bank Acts, has the Postmaster-General power to make regulations which enable him to pay deposits not exceeding 100*l.*, standing in the name of a deceased depositor, to persons who have claims upon such deposits without requiring the production of probate or letters of administration?—Yes; that is so. He has very wide powers of distributing the deposits of deceased depositors.

3064-5. Has the Postmaster-General also special powers of transferring deposits from one name to another, and of paying deposits to persons nominated by a depositor, without the formalities of a will?—Yes, that is so. Generally speaking, he has many powers which enable him to deal in a summary way with these questions of disputed claims, and with the administration of deceased persons' estates.

3066. Moreover, beyond this, under the Savings Banks Acts (7 & 8 Vict., c. 83, applied to the Post Office by section 14 of the Post Office Savings Bank Act, 1861, and the Savings Bank (Barrister) Act, 1878) all disputes arising between the Postmaster-General and any depositor, or person claiming through or under the depositor, are referred for final determination to the Registrar of Friendly Societies. It has been held, has it not, that his jurisdiction takes the place of that of the ordinary courts?—Yes.

3067. When you say "it has been held," has there been a decided case?—Yes, there have been one or two decided cases.

3068. The Registrar decides disputed claims on such oral or written evidence as he thinks fit?—Yes. He has absolute discretion as to the kind of evidence which he takes.

3069. I will ask you one or two questions on that. The general trend of that evidence is to show that in these cases statutory action differing from that of the ordinary law is necessary in the case of these various points that you have raised?—Yes, I think you may say that. It shows that Parliament thought that when you were dealing with these very small amounts it would not be expedient to leave the questions to be decided by ordinary legal process, but that you must have some more summary mode of dealing with them; and undoubtedly that mode of dealing with them enormously simplifies and accelerates the procedure in relation to the Savings Bank. About 780 questions of this sort have come before me each year, on the average of the last five years, or between 60 and 70 a month. A great many more are dealt with in the Savings Bank Department, because, when cases come to me, I endeavour, as far as possible, to lay down some general rule, and that is acted on afterwards by the Savings Bank, unless they see that there is something which does not seem to be covered by my advice.

3070. Are these cases that would in the case of an insurance company come to their legal adviser as a rule?—Not all of them. Some of them would be merely questions that would be solved by the claimant taking out probate or letters of administration, but others would go to the legal adviser, undoubtedly.

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3071. You are not referring merely to litigious claims, but to all cases which come under the special exemptions of the Act?—Yes, quite so.

3072. (*Mr. Denman.*) I suppose that these will be a valuable precedent in the event of any scheme of workmen's compensation insurance being taken up by the Post Office, for keeping the Post Office out of the ordinary courts?—They would afford a precedent in that direction, but the difficulty that strikes me about that is, that at present, in the case of insurance against compensation, the claim which arises is between the employee and the employer, and not directly against the insurance company; and it would be rather a strong thing to say that, because an employer had chosen to insure with the Post Office, therefore, the ordinary claim of the employee against him should be taken away and the employee should be relegated to some other mode of procedure. You see you are dealing with claims between two subjects, and not between a subject and the Government.

3073. I had not contemplated that the regulation would have that effect. I had only contemplated that the employer would not be able to take the Post Office into court, and that, as a matter of fact, the employee, recognising that the Post Office had not a direct financial interest such as the companies have, would be willing to accept some simple form of arbitration?—I do not quite see how that would work; because the employee's claim would be against the employer, and if the workman brought an action against the employer it would be no kind of answer to it to say that the employer could not sue the Postmaster-General, but must take the case before some exceptional tribunal, and the employer would look to the Post Office to fight the action for him and defend it in court, just as employers look to an insurance company now.

3074. You think that no scheme that did not directly bring the Post Office into the situation occupied by the employer in the event of an action would be satisfactory to the employer?—No; I do not think it would.

3075. (*Mr. Davies.*) Do you think it would be possible in connection with claims under the Compensation Acts, in the event of the State taking up insurance, to constitute a Referee independent of the Law Courts, the position being analogous to that taken up by the Registrar in Savings Bank cases?—What I was endeavouring to explain just now was, that I think the difficulty about that is that the claim does not arise directly against the Post Office. It arises by the workman against the employer, and it would be a very strong thing to say that the workman could not have his ordinary remedy in the Law Courts against the employer, because the employer had chosen to insure with the Post Office.

3076. Of course, the analogy is not quite complete?—No.

3077. But the Post Office Savings Bank is occasionally defending its own interests now where reference is made to the Registrar. Deposits have been fraudulently withdrawn, but under circumstances which make the Post Office hold that it was free from blame, and then the Post Office Savings Bank takes up the position that it is not responsible for the loss—that the depositor's carelessness, or what not, contributed, and the case goes to the Registrar of Friendly Societies, who, notwithstanding the opinion of the Post Office, may decide against the Department?—Yes.

3078. The Post Office might be in an analogous position in defending what it thought a bogus claim for compensation?—Yes, but I do not quite see where the justification would come in for constituting a special tribunal.

3079. That is the opinion I wanted to get from you—whether it would be possible in connection with the Compensation Act to set up a special tribunal of this kind for the settlement of disputes?—I do not think it would, while the post office simply insures the employer, and leaves the claim to be brought between the workman and the employer. If it were a question of compulsory insurance, and the State was brought in immediately as the person liable for the compensation, then I think you could have an exceptional tribunal; but as long as the Post Office, or any Government Department, merely occupied the position of insuring an employer who was liable under statute to his workmen, I do not quite see what justification there would be for referring questions to an exceptional tribunal.

3080. So that the machinery which is possible to smooth the path of the Post Office in the case of disputes over its present business would not be available in the case of disputes over insurance business?—I do not think it would.

3081. (*Mr. Hewby.*) When you spoke of compulsory insurance, I take it it would have to be compulsory State insurance?—Yes, some system of that kind—something in which the State acted as a guarantor. I have not applied my mind to the particular system.

3082. But in order to justify the special tribunal, it would be necessary that it should be some form of State insurance?—Yes, some arrangement by which the State became directly responsible in some manner to the person who claimed compensation for injury. At present there is an intermediate person. The claim for injury is not against the State at all, but against the employer, and while that is so it seems to me that it is difficult to make an exceptional tribunal. If the person who is injured, and who makes the claim, has in some shape or other, directly or by way of guarantee, a claim upon the State, then you might have an exceptional tribunal. That is what I meant to say.

3083. (*Chairman.*) Have you anything further to say as to the advantages of this special tribunal?—I consider this mode of summarily settling disputes to be of great value in working the Savings Bank. No costs are ever awarded either to claimants or to the Postmaster-General, and no unnecessary expense of any kind is incurred in relation to claims. The consequence is that there is no inducement to claimants, or to any professional advisers whom they may consult, to foster litigation. In the vast majority of cases the Postmaster-General's decision, based upon the advice which I tender, is accepted by the claimants, and the cases which go before the Registrar are comparatively very few in number. I find that the Registrar heard about 150 cases in England last year—cases which came before him on some ground or other—either rival claims, or the interpretation of some charitable trust, or something of the kind.

3084. Not litigious claims, but claims which come under this exception, made in your favour?—Some of them would be litigious, and some would be more in the nature of interpretation.

3085. As I understand it, you act in the nature partly of a conciliation and partly of a judicial board. You act half in the nature of an arbitrator or conciliator, and half in deciding actual questions of law?—No, you can hardly say that, I think. When questions are referred to me as to whom payment should be made in respect of some account, I do my best to say who I think is entitled to it, having regard to the special statutes and regulations which govern Savings Bank procedure. Then in the majority of cases the Savings Bank, acting on my advice, announces its decision to the claimant, and that is accepted. There are a few cases in which that view is not accepted, or in which from the beginning the case is one, perhaps, depending entirely upon conflicting evidence as between two claimants. Cases of that sort would be referred to the Registrar of Friendly Societies, and then we should get his award.

3086. I quite understand now. You are in the position of a court of conciliation, with an appeal to the Registrar instead of to the Courts. Take the Board of Trade Conciliation Board, dealing with cases relating to shipping, railway, and other matters. They act in the same way under the special statute, but if their decision is not accepted, then it has to go to the Court to decide?—Yes; I daresay it is roughly the same. I a little demur to the word "conciliation." We do our best to interpret the law as it stands, subject to these special enactments.

3087. It is the first court really?—It is the first court. That is what it is.

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3088. I do not think it is of very great importance. It is rather off our particular inquiry?—Yes, it is only by way of analogy.

3089. You think that the system obviates much trouble and dispute?—Yes. When it is borne in mind that the average amount standing to an account in the Post Office Savings Bank is about 15*l.*, and that a vast number of accounts are much under that figure, it will be seen how important it is that expenditure in connection with claims should be minimised. If the jurisdiction of the county courts were substituted for that of the Registrar of Friendly Societies, I think a very heavy burden of work would be thrown upon the staff of the Postmaster-General, and a very large amount of depositors' savings would be wasted. I should like to give you one figure to show you how well this system works. There are now about 10,000,000 accounts in the Post Office Savings Bank, and the number of cases which came before the Registrar in 1905 altogether was 196; that is, 196 cases in which there was anything in the nature ultimately of what you may call litigation—quasi-litigation—out of 10,000,000. Now, I have not the slightest doubt that if these questions were referred to the ordinary courts there would be a very large number of cases, because the idea would be: "Oh, well the expense of this will be paid "either out of the money itself or by the Postmaster-"General," and a great many claims would be made which, under the present system, are not made because there is really not sufficient ground for them, and because the decisions which we give are practically satisfactory to the parties.

3090. Does the system also apply to annuities and insurances?—Yes. Under the Government Annuities Act, 1882 (which enables payments in respect of annuities and insurances granted by the Postmaster-General to be made through the medium of the Savings Bank), the rules and regulations applicable to deposits in the Savings Bank are applied to annuities and insurances (section 7), and consequently all claims in respect of these matters are also referred to the Registrar of Friendly Societies. The facilities for dealing with deposits on death are also applicable to annuities and insurances.

3091. Is there any other Post Office service in which compensation is payable by the Postmaster-General?—Yes. Compensation is payable by the Postmaster-General in respect of lost and damaged correspondence; but this is not regulated by any special Acts of Parliament, and is not the subject of any legal contract at all. The Postmaster-General merely advertises that he is willing, as an act of grace, to give certain compensation without payment of any fee and certain large sums upon payment of certain fees, but he retains entire control of such payments, and his decision on all claims is final. The Postmaster-General does not at present carry on any insurance business which subjects him to claims in the ordinary courts of law. Were it proposed that he should undertake such business, it would be necessary that he should obtain statutory authority for the purpose.

3092. I should like to ask you a question upon that; but I really do not know that it has much to do with this. It is with regard to what Mr. Babington Smith said this morning. Has the Postmaster-General legal power to offer to give certain sums on payment of certain amounts?—On the loss or damage of letters, do you mean?

3093. Yes?—No, we have no definite statutory powers to do so.

3094. Therefore, he does make a bargain with the public without any statutory powers?—Yes, he does, and the fees are supposed to cover the amounts paid, and there is nothing to be voted for it. The Postmaster-General acts with the sanction of the Treasury.

3095. He does a little assurance business on his own account?—Yes, only he is not liable to legal claims in respect of it.

3096. He carefully guards himself against any loss in that way?—Yes. I do not mean to say that he will not pay under proper circumstances; but he cannot be taken into the law courts. It is a pure act of grace.

3097. But, to my merely lay intelligence, it seems that he is carrying on business in which he says: "If "you will pay me so much, I will pay out so much in "case of my not carrying out the contract"?—Yes, he does substantially, only at the same time he adds: "It "shall lie in my sole discretion whether I consider the "circumstances under which you make your claim "justify my paying you."

3098. That is a condition which comes afterwards?—No; that condition is the basis of the whole transaction.

3099. If you like to say so, he makes the condition first in that sense, but it is outside any special powers granted for that purpose?—Yes. There are no statutory powers.

3100. Have you anything to add on the general question?—I think I have stated practically what the facts are. I can give you the references, if you wish.

3101. I do not think that is at all necessary?—The basis of the system of compensation is stated, you will see, at page 27 of the Post Office Guide. "The "Postmaster-General is not legally liable for any "loss or inconvenience which may arise from loss, "damage, delay, non-delivery, or mis-delivery of any-"thing sent by post, and he does not in any cir-"cumstances pay compensation in respect of unre-"gistered letters," and so on. "But, subject to the "rule stated below, he pays compensation voluntarily "and as an act of grace for correspondence of the "following description." Then comes the statement of what we pay. If you pay a fee of 2*d.* on a registered letter we give compensation up to 5*l.*, and if you pay 1*s.* 10*d.*, compensation up to 400*l.*, subject to certain rules which are also stated.

3102. It is not an exact analogy to insurance?—No, and especially with regard to the point that we do not admit any legal liability. We could not be taken into Court over it.

3103. If, entirely outside the Insurance Acts, he chose to say: "I sell you a ticket, and if something "happens to you you shall get 5*l.*," it would mean no more nor less, except that possibly he has powers with regard to correspondence that he has not got in other relations?—Yes. I should say that the system which we have now is incidental to the general business of the post; whereas the suggestion that we should insure against workmen's compensation is not incidental to the post at all. It is a purely new section of business.

3104. That is the essential difference?—Yes.

3105. (*Mr. Davies.*) The Postmaster-General covers himself in these cases by Treasury authority?—Certainly.

3106. The Treasury authority would be exercised under some statutory power conferred on the Treasury?—It is not in the case of this compensation.

3107. So that there is not, even remotely, statutory power?—No, except that there is something about registered letters in one of the Acts. We can register letters. Registration is statutory, but not this system of compensation up to 400*l.*

3108. (*Chairman.*) I do not know that this really has anything to do with the enquiry, but it is an interesting matter. Is the lack of liability with regard to the Postmaster-General on account of statutory authority or as part of his prerogative?—Do you mean in respect to these letters?

3109. Yes, in respect to these letters?—I should say it is not either one or the other, except that, of course, the Postmaster-General, as an officer of the Crown, cannot be sued for a tort—for a wrongful act.

3110. You could not bring the case into Court?—No.

3111. The difference, I presume, is that, at any rate up to the present, Parliament has not been willing to limit the Workmen's Compensation Act even to its own servants?—Yes, we are made liable for our own servants under the Compensation Acts.

3112. In this case you are actually liable, and therefore, you can be sued in the Courts?—Yes, we can.

3113. Whereas as regards an action for tort it would not lie?—No, it would not.

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3114. Therefore, there is that considerable distinction, I presume, in law; but I am speaking purely as a layman?—Yes; but are not you rather dealing with different things? The last question of claims which the Postmaster-General's own employees have against him is now regulated by the Workmen's Compensation Acts, and they can sue him; but that is quite a different thing from our insuring the sums which anybody else may have to pay his workmen.

3115. I am merely referring to what you said as to compensation payable for loss of correspondence?—Yes; but that stands on quite a different footing from the Postmaster-General's liability to his own people under the Workmen's Compensation Act. I should like to say that I am very clear that, if the Post Office did undertake any insurance of this sort, we should have to get new statutory powers. I do not think that anything that we do now would be a precedent for our undertaking a wholly new class of business dealing with large sums of money without express statutory power.

3116. The question of agency we had better deal with a little later, when you come to competition with insurance companies. What is your opinion as to the suitability of the Post Office organisation for this class of insurance business?—I do not think that Post Office machinery as at present existing is suitable for dealing with any questions of insurance which require discrimination of risk. I think that such questions might, no doubt, be dealt with, subject to a sufficiency of staff, in the larger post offices, but the ordinary village postmaster would be quite incompetent to undertake them. Even in the larger offices, matters which involve careful consideration of detail would impede the general flow of business, which the public expect to be transacted with immediate despatch. It is like the case of some traveller who detains the booking clerk at a railway station for many minutes while making inquiries or obtaining some special ticket, while there is a long queue of ordinary passengers waiting.

3116*a*. We have had evidence from Mr. Babington Smith this morning as to the question of the staff, and the difficulties, and I asked him whether he thought that the insurance tickets which in early days were issued by booking clerks did impede the flow of business, and, if I remember rightly, he said he thought that it would be at the large offices a considerable inconvenience if there were any large portion of time taken up in talking about different risks?—Yes, that is what I mean. If there was any question which wanted discussion over the counter then it would interfere with the general business of the Post Office.

3117. That is what I gathered. You corroborate what he said?—Yes, I do.

3118. Have you anything further to say on this point?—Of course, there is no reason why the organisation of the Post Office should not vie with any other organisation in the transaction of insurance business, if special arrangements are made for the purpose; but I do not think that complicated insurance business would harmonise with the general run of Post Office business. The Post Office Savings Bank has been a great success on account of its ubiquity and simplicity, and the confidence of the public in its stability and secrecy. The insurance and life annuity business of the Post Office has been a failure, mainly because the Post Office does not canvass for business, and, secondly, because such business cannot be transacted summarily at small post offices in the same way as Savings Bank business. What I mean is that it cannot practically be transacted summarily. In theory you can go into any post office and ask to buy an annuity; but practically they would know nothing about it, and they would refer you to headquarters immediately. Mr. Fawcett's scheme of 1882 went as far as possible in the direction of popularising insurance and annuity business by enabling payments to be made through Savings Bank accounts; but it did not bring any appreciable accretion of business. What business there is tends to be of the simplest kind—immediate annuities.

3119. I take it that you consider that there is no inherent impossibility in a Government Department, with an Act of Parliament and proper arrangements, conducting this business?—No, certainly not.

3120. But, in your opinion, it would be absolutely necessary, for it to act, as a matter of principle, to have an Act?—In the first place, it would be absolutely necessary to have an Act, and, in the second place, I do not think that the Post Office is specially adapted for carrying it on.

3121. The Post Office is not adapted *quâ* the staff, I presume you mean—not *quâ* ubiquity. That we have had evidence on?—I mean to say that directly you have to deal with any business which requires inquiry and consideration, and questions of whether you should ask this premium or that premium, and other questions of that sort, I do not think the Post Office machinery is well adapted to carry that out. I do not think it is good machinery for the purpose. It might be adapted to it, of course. You might have a separate department for it, and so on; but I do not think it is analogous to the present business of the Post Office, selling stamps and postal orders and so forth.

3122. Ready money business? — Ready money business of a simple character—that is what I mean.

3123. We are all impressed with the difficulty of this particular accident business, as compared with life or annuity business?—The life business, as I say, has been an absolute failure. I looked to-day at the Postmaster-General's Report, and I found that in 1905 we only issued 1,840 immediate annuities, 158 deferred, and 741 insurances, which is a mere bagatelle—nothing. And even there the business tends to run towards what is most simple—that is, the immediate annuities. The number of immediate annuities is more than double the number of life insurances. It is about two and a half times; and that is the very simplest form, of course.

3124. (*Mr. Davies.*) As regards the annuity business, in passing, although the total number of annuities issued through the Post Office is not in itself very large, I do not know whether you know that it is a very large proportion of the total annuity business of the country, although Post Office life assurance is a very small proportion of the life assurance business of the country?—No, I was not aware of that.

3125. There is much less annuity business than life assurance business in the country generally?—Does that include annuity business transacted by insurance companies, as well as by the National Debt Office?

3126. The Government altogether — the National Debt and the Post Office between them get 60 per cent. of the total annuity business of the country, and the Post Office is inclined rather to look upon its annuity business as a success, but on its life assurance business as a failure?—But take 158 deferred annuities. We have made, as you know, great efforts from time to time to make the provision of deferred annuities a popular movement—to treat them as old-age pay, and so on. If that really caught on at all, you might have these deferred annuities in hundreds of thousands; instead of that, we have only 158 in one year.

3127. Yes, it is a very small business, and so it is throughout the country?—What I have in my mind is, that, viewed as an agency for thrift, for instance, the Post Office Savings Bank is a gigantic success, but the deferred life annuity, which tends in the same direction, is a failure.

3128. When you say that complicated insurance business would not harmonise with the general run of Post Office business, can you think of any Government Department that could take up liability insurance business, if the State embarked upon it, with any greater prospect of success than the Post Office?—No, I should think not. I should think that probably, if any Government Department does it, the Post Office is the best suited.

3129. (*Chairman.*) Have you any further remarks to make on the question of the suitability of the Post Office for the business?—I do not think the Post Office would have a chance of competing with insurance companies unless it canvassed for business. I think it would be an unfortunate thing if postmen were employed as canvassers, and that if other canvassers were employed they would be more expensive in proportion to the business gained, than in the case of an insurance company, because an insurance company would transact a greater variety of business—fire, personal accidents, and

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so on. The only branch of compensation against which, in my opinion, the Post Office might possibly insure in connection with its present business would be that of compensation to domestic servants. It seems to me possible that a simple form applicable to all such cases at a fixed premium might be arranged, and that the insurance in its initial stages might be reduced to a matter of very simple routine; but, even in such cases, the settlement of claims would involve a new departure in Post Office practice. It would be very difficult to remove claims from the cognisance of the ordinary courts, because the question arises between the employer and the employed. On the other hand, I think the employer expects the agency, in which he insures, to deal with all claims; and that, if the Postmaster-General did not do so, he would not be able to compete with insurance companies. In relation to the settlement of claims, it is my opinion that the Postmaster-General would be at some disadvantage. In the first place, the tendency of a Government Department is to adhere much more strictly to general rules than a private company does, and, consequently, not to deal so efficiently with individual cases. I have noticed that, in dealing with compensation for lost and damaged correspondence, the tendency of the Department is to take a more adverse view than that which an insurance company would take, and to stand more on formalities. On the other hand, if it were known that the Government was the insurer, there would be a strong tendency to litigate claims, and I think that the Government would be at some disadvantage, owing to the natural tendency with every tribunal which approximates to a court of arbitration to lean against the stronger side.

3130. That really raises the main points. In the first place you think, as indeed all our evidence has shown, that to get this particular class of business you must canvass?—Yes, I think so, undoubtedly.

3131. I suppose that the objection to postmen being employed as canvassers is that it would add to their proper business, which is already sufficient. Or is that a merely personal objection?—I think it would seriously delay their primary business, which is that of delivering letters. If a postman stays at a house to enter into a long argument to persuade the householder to insure against accidents to his servant, all the other persons on the walk would be kept waiting for their letters. That is the kind of thing I mean. I think it would very seriously interfere with the prompt discharge of the postmen's business. I am not sure, also, that it is desirable that the relations between the public and postmen should be materially altered, as they would be in that case. The public look upon the postman in a certain light. He is the man who brings them their letters, and they dissociate him from everything else, and I think it is better that that should be so.

3132. Then of course for the staff it means, as you say, a totally new branch of business?—Yes, quite so.

3133–4. The point that I should like to get first is, before we go any further, would any limited scheme of the kind you suggest necessarily mean an Act of Parliament?—Undoubtedly.

3135. Therefore the whole of this matter, whatever we may think, would have to be thrashed out freshly in Parliament?—Yes.

3136. It would be, I suppose, unlikely that any limitation that the Committee suggested would be looked at. Is it your opinion or the Post Office opinion that a domestic servant branch might possibly be instituted?—It is only my own opinion. I have not any special authority to give it as anybody else's opinion. I merely mean that I think that if you take a very simple form of risk in which there is no great difference between one case and another, you might reduce the transaction as I think I heard Mr. Babington Smith say to-day, to a very simple form indeed, to some contract which was stereotyped, which we never altered. The employer would go into the post office and say: "I want to insure so many servants." You would say: "What kind are they?" He would say: "So and so." Then you would hand him over the forms. He would sign something, and the whole thing would be reduced to the minimum of simplicity. That, I think, would be possible as distinguished from the case in which the employer would have to discuss with some Post Office official all the circumstances of the employment, and what the different risks were, and how much ought to be charged, and so on, and the character of his business, and all that kind of thing. That, I think, would be quite out of the question. The other, I think, would be possible.

3137. You have, no doubt, read the evidence which we have had and, which I think is rather convincing evidence, that the risk in this particular case of domestic servants is one that is as yet unknown?—It is.

3138. And you have also seen that within quite a few weeks they have reduced from a 3*s.* minimum to a 2*s.* 6*d.* minimum, so that what is in my mind is that the basis for a scheme is really hardly known yet. It must be to some extent a guess-work scheme?—I quite follow that. I was only dealing with the matter from the machinery point of view, and not from the actuarial point of view.

3139. I do not want to go into any actuarial calculation, but I presume that you have considered that if you start with a class that you call domestic servants it may be extremely difficult to limit that?—Yes. There would be risk, no doubt, of our being pressed to extend it, and, judging from the expansion of the Government scheme in this present Act as it was passing through Parliament, one does not feel any great confidence that there would be a rigid determination to keep it within certain definite lines.

3140. I presume you have also considered as machinery that there is almost of necessity machinery for settling claims, which would, if it was to apply to domestic servants, equally be made applicable to other forms of insurance if that were pressed for. The expense of starting a scheme of settlement of claims must be universal if it is taken up by the Post Office, and must cover the whole country?—Yes, no doubt.

3141. Therefore, in doubtful cases, you would have to send your agent to St. Kilda, for instance, whether it was only domestic service, or whether it was wagoners, or farm people, or any other form of service?—Yes; but that does not strike me as a very great difficulty. We have an agency all over the country. It seems to me it is the character of the claim which is important rather than any geographical difficulty of dealing with it. The claims arising from domestic service cases I should think would be simpler to deal with than the cases arising in trades, because you have no question of machinery, and the circumstances of the trade, and so on. It strikes me that the questions would be of a simple character.

3142. But, of course, equally your statement applies that the insurance company would be at this advantage that it would deal with every sort of risk to a person?—Yes.

3143. As against only one form that the Post Office would deal with?—Yes, undoubtedly that would be so.

3144. Then you say that you take the view, and there has been a great divergence of opinion upon this, that on the whole in the settlement of claims a Government department is rather at a disadvantage than an advantage?—I think it would be at a disadvantage in court before a county court judge who was practically acting as arbitrator, and, on the other hand, I think we should be also at a disadvantage in dealing with claims out of court, because I think the Post Office would be more apt to be rigid and could not adapt itself to individual cases so well as an insurance company could. You see there is always a feeling at the Post Office, "You must not do this because it creates a precedent. "If we do it in one case we shall have to do it in "others." A private company does not feel that to the same extent. It has a freer hand. Therefore, where it sees that it is to its advantage it can deal with one claim liberally and with another claim strictly. A Government department cannot do it.

3145–6. It would be a very considerable difficulty for a Government department to deal with claims in this way by saying that an agent shall get an advantage if he can reduce the amount that is settled for?—Do you mean he has a bonus on a minimum payment?

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3147. I do not think they were very willing to say that that was the way it was put before agents, but that would be practically impossible with the Government?—Yes, I do not think the Government could do that.

3148. (*Mr. Kirkwood.*) I suppose the objection to the employment of postmen as canvassers would not apply to retired postmen or any retired officers?—No.

3149. It is merely because it would interfere with the delivery of letters?—Yes.

3150. If we employed retired postmen they would make very good canvassers?—I should think so.

3151. They know the district and would be a reliable type of men to employ?—I do not know to what extent pensioners live in the neighbourhood where they have carried on their official work.

3152. I think as a general rule postmen pensioners live in the neighbourhood. I have made a few inquiries on the subject, and I find that that is generally the case.—That would mean employing a new army of agents of course.

3153. Yes.—We should have to charge the whole of their expenses, whatever they were, against the scheme.

3154. Yes. Possibly as they are pensioners, and consequently have other means, they might be satisfied with a lower payment than 15 per cent. which the insurance companies give?—But if the insurance companies would give the same men 15 per cent. why should they work for the Government for less?

3155. It is very likely, no doubt, that the insurance companies would try to get the men of whom I am speaking?—Yes. I think it would be rather to the advantage of the men to act for the insurance companies, from their point of view. If they acted for us the question would come in whether their earnings should be set off against their pensions to some extent, whereas if it is an outside matter, the Government would have nothing to say to it.

3156. (*Mr. Hewby.*) So long as the earnings are limited to a third of their full salary it would be all right, I think. There would be no objection to your bringing it up to full pay?—But the private insurance company would not object to their getting a great deal more.

3157. (*Mr. Davies.*) With regard to what you say about canvassing and competing with insurance companies, you do not think that the Post Office would have a chance unless it canvassed? Or are you thinking more of life insurance business than of liability insurance?—It is quite clear that it applies to life insurance, and I should think that it applies quite equally at least to compensation business.

3158. In inducing a man to insure his life you really have to influence his generosity. He is making some provision for those who come after him?—Or his prudence.

3159. Yes?—His foresight, we will say.

3160. Yes, but it appeals to something rather different from that which liability insurance appeals to. He is not protecting his own pocket?—I should not have thought so to a very great extent. I should have thought, on the whole, it was very much the same feeling in both cases. No doubt in the one case the man is protecting his own pocket, and in the other case he is protecting the welfare of those he leaves behind him, but I should think the majority of respectable people would be quite as anxious to do the second as the first when it is once brought home to them.

3161. I knew a very respectable man who declined to insure his life because he said it would prevent his widow's relations doing anything for her. That is a very low ground upon which not to insure your life. That same man would probably be the first to insure his servants, because failure to insure them would come on his own pocket?—Yes, but I think the main difficulty in both cases is inducing people to think about it—bringing them to the point of seeing that it is an advantage to them to pay a small sum regularly on the chance of getting something out of it eventually.

3162. As regards a scheme limited to domestic servants, your idea there would be that the Post Office might adopt for a starting point the premiums which are named by the insurance companies?—Adopt the rate of premium?

3163. Adopt the rate of premium?—Yes, that was passing through my mind. I did not think specially about rates; I was assuming that a satisfactory rate would be taken.

3164. The risk in that particular class which seemed to be safe to the insurance companies would probably be safe to the Post Office?—Yes.

3165. It is interesting to us to hear that you think that insurance of a clearly defined class, which would comprise a very large proportion of the people brought in by the Act of 1906, might be successfully taken up by the Post Office?—Subject to the question of canvassing.

3166. Subject to the question of canvassing?—Yes. I doubt if we should get any large share of the business without canvassing, even if we confined it to that particular class.

3167. With regard to the settlement of claims, you think that the tendency of the department is to take a more adverse view than that which an insurance company would take?—Perhaps I ought to have said more rigid. That is what I mean, rather. They are not so free to meet the particular circumstances.

3168. You think that the Post Office by the conditions under which it works would be obliged to spend more money in the investigation of claims than an insurance company would. For instance, supposing that a claim could undoubtedly be settled for 5*l.* down, and the Post Office knew that it would cost it 10*l.*, say, to establish that fact, the Post Office would be obliged to spend the 10*l.* for the satisfaction of all the criticism that it meets?—Yes. I do mean that. I agree with you—I think that the Post Office very often would be deterred from settling a claim off-hand, and would be put to very considerable expense in settling it simply because it has not quite the same freedom of action that a private company has.

3169. Therefore, although under that rigid scrutiny it might occasionally save money, it would probably spend a good deal more money than an insurance company?—Yes, I think so; and in saving money it very likely might lose business.

3170. (*Mr. Denman.*) We have had no evidence that there is a lack of facilities for obtaining policies for the insurance of domestic servants; but we have had evidence that there is a lack of facilities for certain other classes. Do you think that the Postmaster-General in the House of Commons could get a Bill through enacting that the Post Office should provide facilities for this one particular class, and not for others, whose need we have reason to suppose is greater?—It seems to me that there is a certain Parliamentary case for it, because everyone keeps or may keep domestic servants. The liability is very widespread with regard to domestic servants, whereas the other liabilities are those of particular classes, particular trades, particular sections of the community. The risk of claims by domestic servants is a risk which anybody may run, so I think that you might make a good case for meeting the one and refusing to meet the other. I do not say what might be the result of a discussion in Parliament, but I think there is a Parliamentary case for it.

3171. (*Chairman.*) Have you any further remarks to make on the general question?—Speaking generally, I do not think the Post Office is well adapted to undertake the business of insurance against compensation to workmen; and I do not think it would have a chance of taking any large share of the business without an elaborate system of canvassing. If compulsory insurance is the eventual result of the Workmen's Compensation Act of last year, the position may be different. Under this Act the bulk of Post Office servants are placed in a position to claim compensation for accidents for the first time; and, no doubt, within the next few years there will be a considerable number of claims, and a certain amount of experience in dealing with them

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will be obtained. This fact seems to give another reason why it would be premature for the Post Office to embark at once upon any insurance against such claims. I think it would be very inexpedient that the Postmaster-General should act as an agent for any particular insurance company, or for insurance companies in general, in relation to workmen's compensation. Many of the objections to which I have referred in relation to insuring would apply equally to agency, and the position of the Postmaster-General as an intermediary would, I think, be very undesirable.

3171*a*. It has been brought very clearly to my mind that there is a very considerable difference between an agent and a mere intermediary. I notice that you use both words?—Yes.

3172. I presume you think that there is a considerable difference between publicity in the shape of advertising and any action that involves the Postmaster-General as an agent?—Yes, there would be a difference. I am opposed to both; but there would be a difference.

3173. As regards the question of the lesser of those, in any case in which the Postmaster-General is involved as agent, I presume you think that legislation is required. The Postmaster-General has no power to become an agent without legislation, has he?—Well, I suppose that there would be nothing to prevent our allowing our servants to act as agents with the consent of the Treasury.

3174. That they do now?—I do not know whether they do or do not. They do to some extent.

3175. You are aware, for instance, that the Royal Exchange has a considerable amount of your sub-postmasters as agents?—I did not know it, but I daresay that that is so.

3176. But that is different from the department as a department taking up any agency?—Certainly. I can hardly understand how the Postmaster-General as such, as an officer of the Crown, could undertake an agency for insurance companies. Do you suggest that as agent he should undertake any pecuniary responsibility—that he should be liable?

3177. It was suggested to us this morning that any advertisement in a post office would possibly put the Postmaster-General, in the public mind, in the position of one guaranteeing the solvency of the company advertised?—I think that it would undoubtedly tend in that direction.

3178. There are certain cases in which you advertise now, such as the cases of cable companies?—We may advertise the routes of cable companies and so on—that is quite possible; but then that is all done in furtherance of the Telegraph Convention, which is a treaty entered into between us and other countries.

3179. And private companies?—No, they are not parties to it, but under the Telegraph Convention the routes of cable companies are settled, and the rates upon which they conduct business are settled, and they work to a large extent under the provisions of the Telegraph Convention, to which the Postmaster-General is a party. So he is to a large extent responsible to the public for giving them proper facilities for sending their telegrams by cable companies' routes.

3180. I take it that your view is that such facilities as might be given are certainly not those which should be given by the advertisement of individual companies, and only to a less degree do you object to the Postmaster-General becoming the agent himself for limited forms of insurance. You have an objection to both?—I have an objection to both.

3181. You do not think, therefore, that the Post Office ought to offer facilities?—Certainly not as agent, or as advertiser. Are you speaking generally?

3182. I am speaking of the terms of our reference?—What are they?

3183. To consider whether it is practicable, and, if practicable, whether it is desirable for the Post Office to provide facilities for the insurance of employers in respect of their liabilities under the Workmen's Compensation Act, either generally or subject to limitation. Then there is a further reference to life assurance, which I need not read?—I think that, as matters stand at present, it is not desirable that we should give any special facilities at all under that reference. I think that at present it is better that the Post Office should stand aside.

3184. Your special objection to agency is what? Is it that the Postmaster-General would become mixed up with the question of the solvency of the companies?—If by "agent" you understand that species of activity which negotiates policies and arranges the preliminaries and settles claims, and so on, then it seems to me that every objection that there is to the Post Office doing the work itself applies equally to the Post Office acting as agent. If you merely mean that in post offices certain information is to be forthcoming respecting certain companies, then I think the chief objection is that which has already been mentioned—that you may lead the public more or less to infer that you guarantee that those are stable and good companies.

3185. That is the principal objection to what the French call *publicité*?—Yes; that, and the fact that we might be held to be favouring one company as against another, and showing preference. It is a very difficult position, I think.

3186. I take it that in your view it is absolutely necessary, if any system of such a character is introduced, it should be applied equally to all companies that have satisfied a certain standard?—Yes. I think that would be absolutely necessary.

3187. And that standard is one that somebody, it is extremely difficult to say who, should fix?—Yes, undoubtedly; and even then you run the chance that it may be said that a particular postmaster recommends a particular company. A man goes into the office and there is a long list of companies, and he asks, "Which do you recommend?"

3188. But is there any objection to the postmaster recommending the company that will give him 20 per cent. instead of 15 per cent.?—I think so. I do not think it is a desirable position for a Government department to occupy—choosing between different companies.

3189. We have all agreed that at head post offices, the number of which was given this morning by Mr. Babington Smith as 877, I think, it is impossible; but I do not follow what your objection is to a man in a grocer's shop in Little Pedlington doing that kind of business, more than you object to his selling sugar?—He could not do it for us. If you authorise him to do it for us, you must authorise the big postmaster to do it for us. If he does it for himself, that is another matter.

3190. I take it that you would not have under the "V.R." stamp "Insurance companies A, B, C, D, E, " and F are insurance companies that have satisfied the " condition"?—No.

3191. If it was done at all you would leave the insurance companies themselves to put out their placards?—Yes; it ought not to have anything to do with the Post Office at all. It ought to be on the grocer's side of the shop. A grocer, or stationer, or other tradesman conducts his own business and ours, and if he chooses for his own sake to advertise an insurance company, or to act as agent of an insurance company, it is not our affair at all.

3192. Let me take you to an actual point that has arisen. In this room the secretary of one of the largest insurance companies offered practically to take over the whole of the sub-postmasters?—And then he said, if I recollect rightly, that they would not be of much use.

3193. No; another man said that they would not be of much use. If you allow your present rules to go on, I have not the slightest doubt that the companies will take over the sub-postmasters. Do you see any objection to that? Should you be inclined to ask the Postmaster-General to exercise his authority to prevent it? I am only asking you from the legal point of view, of course?—I do not know that I have formed a very settled opinion upon that point. I should have thought that as long as the man was acting as a tradesman, and not as our officer, he might advertise any insurance company as much as he chose, provided that it was clearly understood that he did it as a grocer and not as a postmaster.

3194. That is the proviso?—Yes.

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3195. (*Mr. Denman.*) You are, in fact, for just the *status quo*?—Yes.

3196. At present sub-postmasters can act as agent of any company if they choose to make the arrangement with the company?—Yes.

3197. I want you to assume as a hypothesis for the moment, that it were deemed desirable to provide facilities for workmen's compensation insurance by means of the Post Office organisation, and that, to some rather exceptional extent, if it was thought necessary, that organisation should be available for the purpose, it would be within the powers of the Postmaster-General to enter into a contract with any insurance company that the Postmaster-General would encourage sub-postmasters to act as agents for that company, and prohibit them from acting as agents for other companies?—I think that that would be a very invidious course to adopt.

3198. But legally he could adopt that course if he chose?—Legally, I suppose he might; but I think it would be a very improper position for the Postmaster-General to occupy—that of recommending one particular private agency as distinguished from others. I do not think he would be able to maintain the position long in the House of Commons.

3199. The Postmaster-General can enter into contracts with mail companies to do particular services for the Post Office?—But these people would not be doing a particular service for the Post Office; they would be carrying on private business on their own account.

3200. That is a question which has to be discussed; but there would be nothing, impossible, from a legal point of view, in his entering into a contract of that kind?—But what are they going to do for us?

3201. I am assuming that there is consideration. It is unnecessary to go into details?—I think it is impracticable, personally.

3202. But not illegal?—No, I do not think that it would be illegal.

3203. Mr. Babington Smith suggested that it might be necessary to have special powers to enter into such a contract?—I suppose the Postmaster-General might advertise Peek Frean's biscuits, or anything else. I do not know that there would be anything absolutely illegal in it; but, as I say, I think the advocates of some other biscuit would very soon call him to account in the House of Commons, and, if he incurred any expense over it, it might be challenged on the Estimates.

3204. It might be necessary that the contract in that case would have to lie on the table of the House of Commons?—Yes, if he incurred any expense over it. I think he would want statutory authority, it being outside his normal business. I do not think the Postmaster-General could properly risk the money of the taxpayers in facilitating the business of any particular private agency—not in connection with the normal business of the Post Office.

3205. (*Mr. Davies.*) You have used one or two expressions which imply that you have some fairly definite view as to the future course of events. You say: "If compulsory insurance is the eventual "result from the present Act the position may "be different." Then afterwards you say, dealing with something else: "This fact seems to give another "reason why it would be premature for the Post Office "to embark at once upon any insurance against such "claims." Those expressions seem to have been used with the idea that some day it probably will be necessary for the Post Office to enter this field?—It seems to me that if the system of insuring against compensation for accidents to workmen becomes very universal, and if the State has eventually to give anything like a guarantee or to enter into the bargain in any way, then of course you have in the Post Office a very extensive agency for spreading information and for taking action, and in that way it may be some day a convenient thing that the Post Office should enter into the matter. But then that is not as things stand now.

3206. No, but you are not only legal adviser to the Postmaster-General; you are an acute observer of the political tendencies of the day?—I quite disclaim any acuteness in that direction.

3207. I do not know whether it is fair to ask you if you have formed any idea in your own mind as to the period roughly which will elapse before this class of insurance is made compulsory?—No, I am afraid I have not formed any opinion upon that. I cannot help thinking that the tendency is towards compulsory insurance.

3208. The reservations here seem to point to that being your view?—I think the tendency of an Act like the last one is undoubtedly towards compulsory insurance, because it seems to me that there is such a risk of the workmen being disappointed, as things stand at present. I do not know that I ought to say that as evidence, because really my opinion is of no value whatever on the subject.

3209. But if the Government, with any additional knowledge which it might have, took the view that that would be the eventual result, you would still think that it would be premature for the Post Office to embark at once upon a limited section of this business?—Yes, I think it would be better to wait. We do not know at present what the premiums are, what the risk is, and we do not know how it will come out at all. We shall have our own experience to guide us, with our own servants in the course of the next few years. As I say in my statement, we have 200,000 employees, nearly all of whom will be brought under the new Act, and there must be a considerable number of claims arising in the course of the next few years from our own people, and even that will be some experience, and will give us some knowledge on the matter. There is so little knowledge of the whole subject at present that it seems to me it would be very much better for a Government department like the Post Office to stand on one side for a while and watch events, before it even offered to do a limited form of business.

3210. We may take it as your opinion that even if compulsory insurance were certainly coming, and if it were known that the Post Office would be the Department of the State selected to work it, you would still advise the Post Office to stand outside it at the present moment?—Your question is of such a very hypothetical character that I have difficulty in answering it; but my opinion is that it is better for the Post Office to stand aside for the present.

3211. (*Mr. Kirkwood.*) I suppose during the first year or so a considerable number of questions will arise in the courts?—There are sure to be.

3212. Do you think it would be better for the Post Office on that ground to stand out until those questions are settled?—Yes, that is another reason undoubtedly.

The witness withdrew.

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APPENDIX I.

MEMORANDUM.

(Handed in by Mr. Bannatyne, of the Home Office.)

Part of the following memorandum is confined to furnishing information with regard to the main features of the system established by the Workmen's Compensation Acts. In the other part I point out some difficulties in the way of the proposal that the Post Office should undertake in competition with, and on the same level as, the ordinary companies, the business of insuring employers against their liabilities under the Act of 1906. As regards such objections, I desire to explain (1) that they are not intended to indicate a hostile attitude on the part of the Home Office towards this proposal; they are merely suggestions submitted for the consideration of the Committee on my own responsibility; and (2) that I thought it would be of more assistance to draw attention to difficulties in the way of the proposal than to deal with the advantages which will no doubt present themselves or be presented to the Committee. Also, it seems hardly necessary for me to refer to the narrower proposal that the Post Office should in some measure act as agent for those insurance companies whose rates and policies it approves and as to whose financial position it is satisfied. It is difficult to see what objection could be raised to this proposal on any grounds connected with the working of the Act of 1897.

(1) *Extent of application of the Common Law and the Employers' Liability and Workmen's Compensation Acts to Accidents to Workmen.*

Previous to the Workmen's Compensation Act, 1897, the only legal proceedings which a workman injured by accident in the course of his employment could take for the recovery of compensation from his employer were at common law or under the provisions of the Employers' Liability Act, 1880. In the great majority of industrial accidents neither of these remedies is available. At common law the right of the workman to damages is confined to cases where the injury can be proved to be due to negligence or breach of duty on the part of the employer himself or to the default of some one in the employer's service acting within the scope of his employment. This right is further restricted by the defences which are open to the employer, of "contributory negligence" and so forth. By the Employers' Liability Act, the right of the workman to recover damages from his employer was extended to accidents caused by defective work, plant or machinery, or by the negligence of persons entrusted by the employer with superintendence. But the Act did not touch the vast proportion of cases of accident which are not due or cannot be proved to be due to defective plant, &c., and imposed no statutory restrictions on "contracting-out." It cannot be said to have had any extensive operation.

The Workmen's Compensation Act, 1897, introduced the new principle of making the employer liable to pay compensation for injuries by accidents happening to his workmen in the course of their employment, quite apart from the question whether or not the accidents are due to default on the part of the employer or of anyone for whom he is responsible.

This principle is continued in the Workmen's Compensation Act, 1906. Under that Act the liability of an employer to compensate his workmen for injuries sustained by them in the course of their occupation is subject only to the following qualifications:—

(1) The injury must be caused by "accident" or by one of the diseases of occupation mentioned in the Third Schedule to the Act or subsequently added to the Schedule by Secretary of State's Order.

(2) The accident or disease must "arise out of and "in the course of the workman's employ- "ment."

(3) It must cause at least one week's incapacity.

(4) If the injury is attributable to the workman's "serious or wilful misconduct," and does not result in death or serious and permanent disablement, no compensation is payable.

The word "accident" has been given by the courts a very wide meaning so as not only to cover any untoward event which would be termed an accident in popular phraseology, but also to cover the case of diseases like anthrax in which it is possible to trace distinctly the time, place and circumstances in which the infection has been contracted (*see* W.C.C.R.,* paragraphs 102–3).

The words "arising out of and in the course of" have also been liberally interpreted (*see* W.C.C.R., paragraph 107). Practically the only cases of industrial accidents which they exclude are cases where the workman was at the time doing something entirely for his own purposes or where the accident was occasioned by the wilfully tortious act of a fellow servant.

As to "serious and wilful misconduct" the refusal of compensation on that ground has been rare, and in any such case, according to the evidence of impartial witnesses (W.C.C.R., paragraph 180), misconduct of a very bad kind has had to be proved.

(2) *Number and Classes of Employees included in the Workmen's Compensation Acts.*

The Act of 1897 applied only to a limited number of dangerous trades, most of which were already to some extent under statutory regulation, and (subject to certain provisions as to sub-contracting) only applied to the persons employed in those trades if injured on, in, or about premises in the control of their immediate employers. Roughly speaking, and subject to considerable exceptions, the industries covered by the Act were as follows:—Mines, quarries, railways, docks, factories, wharves, quays, warehouses, laundries in which machinery is employed, the building trade, and engineering work. To these the Act of 1900 added agriculture (including horticulture, forestry, &c.), a comparatively safe industry. These industries represented, perhaps, about 7 to 7¼ million workmen (*see* Home Secretary's speech on third reading of Bill of 1906, and W.C.C.R., paragraph 289).

The Act of 1906 is not limited to specified trades, but applies to every kind of employment with the following exceptions:—

(1) Persons employed otherwise than in manual labour and earning more than 250*l.* a year.

(2) "Out-workers," *i.e.*, persons to whom articles or materials are given out to be made up, repaired, cleaned, &c., in their own homes or on other premises not under the control of the person who gives out the materials.

(3) Army and Navy.

(4) Police.

(5) Members of an employer's family dwelling in his house.

(6) Persons whose employment is of a casual nature and who are employed otherwise than for the purposes of the employer's trade or business.

The chief classes which were not specifically included in the Acts of 1897 and 1900, but are now covered, are as follows:—

Domestic servants and menials (including hotel, college, club servants, &c.), clerks, teaching profession, hospital service, shop assistants, workshop workers, road transport service (includes carmen, carters, omnibus drivers, &c.), paviors and road labourers, messengers and porters, seamen (in-including bargemen, lightermen, boatmen, &c.), and fishermen. A table is appended showing approximate numbers of persons employed in these occupations. These figures are largely based on the Census returns of 1901, and are subject to important qualifications. For example, no deductions have been made in respect of persons earning more than 250*l.* or in respect of persons who would be excluded either as being independent contractors and not employees, or by

* "W.C.C.R." = Workmen's Compensation Committee Report, Vol. I.

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virtue of the provision as to casual labour. The total number of persons brought in by the Act of 1906 has been estimated at 6,000,000 (*see* Home Secretary's speech on third reading of Bill).

(3) *Numbers of Workmen in Chief Classes of Employment outside the Acts of* 1897 *and* 1900, *but within the Act of* 1906.

Clerks (including Civil Service).	Total for the United Kingdom.	738,000
Domestic servants -	Ditto -	2,000,000
Workshop workers -	Ditto -	1,100,000
Seamen - -	Ditto -	151,000
Fishermen - -	Ditto -	41,000
Shop assistants -	Total for Great Britain.	799,000
Transport service by road (carmen, carters, omnibus drivers, &c).	Ditto -	500,000
Teaching profession -	Ditto -	240,000
Messengers, porters (other than railway), watchmen, &c.	Ditto -	210,000
Paviors, road labourers, &c.	Ditto -	55,000
Hospital nurses, attendants, &c.	Ditto -	50,000

(4) *Amount of Compensation payable by Employer and method of Payment.*

1. *In Cases of Death.*

(*a*) If workman leaves any dependants who were wholly dependent upon his earnings at the time of death, the compensation is three years' wages or 150*l.*, whichever is the larger, up to a maximum of 300*l.*

(*b*) If he only leaves dependants partially dependent, such sum not exceeding the sum payable for total dependency as may be agreed on or determined.

(*c*) If no dependants, then the reasonable expenses of medical expenses and burial up to 10*l.*

In all cases under (*a*) and (*b*) the money has now to be paid in by the employer to the county court, to be invested applied or otherwise dealt with by the court in such manner as it thinks fit for the benefit of the dependants.

2. *In Cases of Injury.*

(*a*) If total incapacity is caused, a weekly payment during the incapacity commencing after one week's disablement and not exceeding half the weekly earnings up to a maximum of 1*l.* If the incapacity lasts two weeks, payment is dated back to the day of the accident.

It is understood that in practice the workman invariably gets his full half wages if totally incapacitated.

(*b*) If partial incapacity is caused, the same maximum limits apply, but "the weekly payment shall in no "case exceed the difference between the amount of "the average weekly earnings of the workman before "the accident and the average weekly amount which "he is earning or is able to earn in some suitable "employment or business after the accident, but shall "bear such relation to the amount of that difference "as under the circumstances of the case may appear "proper." *E.g.*, if workman earns wage of 2*l.*, he gets 1*l.* weekly payment during total incapacity. If he recovers and begins to earn 1*l.* a week, he may still get 1*l.* or have it reduced. If he earns 30*s.*, it must be reduced to at least 10*s.*

In fixing the weekly payment regard is also to be had to any payment, allowance, or benefit which the workman may receive from the employer during his incapacity.

(*c*) The weekly payment can always be commuted at any time *by agreement* for a lump sum, and after it has been continued for not less than six months the employer, if he chooses, may insist on commutation. In the latter event he will be required, if the incapacity is permanent, to pay a sum of such an amount as will, if invested in the purchase of an immediate life annuity from the National Debt Commissioners through the Post Office Savings Bank, purchase an annuity for the workman equal to 75 per cent. of the annual value of the weekly payment. If the incapacity is not permanent, the amount is a matter in the discretion of the arbitrator (*i.e.* the County Court Judge). In either case the judge may direct how the compensation is to be applied for the benefit of the workman.

(*d*) There is a special scale in the case of workmen under 21 years of age at time of injury. If his average weekly earnings are less than 1*l.*, he may receive any sum up to 10*s.* (*e.g.*, if his wage was 14*s.*, he might under this scale get 10*s.* instead of 7*s.* a week); and if he applies more than twelve months after the accident for an increase, the weekly payment may be increased to any amount (up to a maximum of 1*l.*) not exceeding half the weekly sum which he would probably have been earning at the time of the application if he had remained uninjured.

(5) *Machinery for carrying out the Act.*

Arbitrators.—Any question as to the liability of the employer or the amount or duration of the compensation payable under the Act is, in default of agreement, to be settled by arbitration in accordance with the Second Schedule to the Act.

(A very large proportion of cases are settled by agreement. There are no complete figures available as to the total number of cases, but in the Introductory Note to the Statistics of Proceedings under the Workmen's Compensation Acts during 1905, published annually by the Home Office (Cd. 3149) the number of cases taken into court is estimated at less than 1 per cent. of the whole number (*see also* W.C.C.R., paragraphs 16–45).

There are three kinds of arbitration:—

(1) Before a committee representative of an employer and his workmen, having power to settle matters under the Act.
Only two such committees, so far as I am aware, exist; one established by the Durham, the other by Cumberland, mine-owners and miners.

(2) Before a private arbitrator, agreed to and appointed by the parties.
This, it is believed, takes place only occasionally.

(3) Before the County Court Judge or Sheriff, or an arbitrator appointed by him.

The County Court Judge is given a special jurisdiction for arbitrating in cases under the Workmen's Compensation Acts, but the practical differences between this jurisdiction and his ordinary powers are unimportant. Almost all disputes arising under the Act, which cannot be settled by agreement, are taken to the county court, and this work has become part and parcel of the business of the court.

Medical Referees.—Medical referees are legally qualified medical practitioners appointed by the Home Secretary for the purpose of performing certain duties under the Act. Their remuneration, &c., is determined by Treasury Regulations.

They may be employed as follows:—

(1) A committee, judge, or other arbitrator may submit to a medical referee for report any matter which seems material to any question arising in the arbitration.

(2) A judge may summon a medical referee to sit with him as assessor.

(3) Where a workman has submitted himself for examination by the employer's doctor, or has been examined by a doctor selected by himself, and the employer or the workman, as the case may be, has within six days furnished the other with a copy of the doctor's report, then, if no agreement is come to, they may have the matter referred to a medical referee by making a joint application for that purpose to the registrar of the county court.

(4) Appeals made under section 8 (1) (*f*) against the decisions of certifying and other surgeons in cases of industrial disease are to be heard and determined by the medical referees.

(5) A workman leaving the United Kingdom to reside abroad ceases to be entitled to receive any weekly payment unless the

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medical referee certifies that his incapacity is likely to be permanent. If the medical referee so certifies, he may have his compensation paid to him by quarterly remittances, subject to certain conditions.

(The duties imposed on medical referees by the Act of 1897 were more restricted. As to the extent to which the services of medical referees have been used, *see* the Home Office Statistics of Proceedings, &c., for 1905 (Cd. 3149).)

(6) *Objects of Post Office Undertaking Accident Insurance Business.*

Before commenting on the objects which the Post Office might aim at in undertaking this business, it may be useful to recall the circumstances leading up to the present inquiry.

The Bill of 1906, as introduced, contained a provision which, except in regard to the principal dangerous trades, proposed to exempt the employer in any case where he could prove that the number of workmen employed by him at the time of the accident did not exceed five. That provision, however, was struck out in Standing Committee, with the result that after domestic servants had been brought in, all small employers (including the small shopkeeper who employs an errand boy, the small farmer who has a lad to help him, and the mechanic, gardener, &c., whose wife has a maid-of-all work to help with the house and children) come under the liabilities of the Act.

On the report stage of the Bill, Mr. Cochrane moved an amendment designed "for the purpose of "enabling small employers to enter more easily into "contracts of insurance in respect of their liabilities" under the Act, which proposed that where an insurance company fulfilled certain conditions to be prescribed by the Treasury and was approved by the Registrar of Friendly Societies, the Post Office should act as agent for that company by arranging to issue to small employers (*i.e.*, persons employing not more than five workmen) the insurance policies granted by the company.

This amendment was resisted by the Government on the ground, chiefly, that a new departure which would impose such difficult and responsible duties on the Post Office could not be agreed to without much fuller inquiry than had been possible, and that the question whether the Post Office should not act as principal rather than agent required more grave consideration.

It may therefore be assumed that the general object of intervention by the Post Office would be to facilitate the insurance of small employers. This raises two questions:—

(1) What grounds are there for anticipating that small employers will not insure against their liabilities under the Act of 1906? and

(2) Supposing it is agreed that large numbers of them may be expected to neglect to insure, will any considerable proportion of these be induced to insure by any facilities that the Post Office might provide?

As regards question 1, some evidence was given before the Workmen's Compensation Committee as to the neglect to insure on the part of small employers under the Act of 1897. The following was the chief evidence:—

1. Mr. Fitzherbert Brockholes, President of the North Lancashire Farmers' Association, in reply to the question whether small farmers insured, said "No, only "very few. There was one of our members who had "insured for the last two years, but did not think he "would do so any longer—he only paid about 15*l.* to "20*l.* a year in wages, and had to pay 10*s.* premium, "and said he did not think it worth while till our "Secretary showed him the risk he ran, as he employed "harvest labour at high wages. It is difficult to get "the position realised by small farmers. . . . . "They do not realise it till they get an object lesson, "through one or two striking cases occurring in a "locality."

2. The Yorkshire Federation of Building Trades Employers stated in a letter that "about 75 per cent. "of the building and kindred trades insure. The "remaining 25 per cent. consist of small employers "who are very reluctantly driven to take their own "risks in consequence of the high premiums incident "to the working of the Act."

3. Commander (now Sir) H. P. Smith, late Superintending Inspector of Factories, said that in the case of tenement factories in Sheffield, the Act of 1897 had been altogether inoperative because the small employers, occupying the factories as tenants, neglected to insure and being men of straw were unable to pay compensation. The workmen, knowing this, did not proceed against them. Commander Smith was of opinion that such employers would only insure if insurance was made compulsory.

4. Similar evidence of a general character was given by Mr. F. Norie-Miller, manager of the General Accident Assurance Corporation.

That evidence by itself would not seem to justify any confident conclusion that large numbers of small employers will not insure, but it is important to point out that there are four important respects in which the classes included by the Act of 1897 seem to stand on a different footing from those brought in by the Acts of 1900 and 1906, especially the latter Act. (1) A large number of trades under the 1897 Act are carried on to a great extent by big employers; (2) are covered very largely by Employers' Mutual Accident Insurance Associations, *e.g.*, the mining and cotton industries (railways do their own insurance); (3) are organised, *i.e.*, both the employers and workmen have associations to look after their respective interests; and (4) are, on the whole, dangerous trades. These features are mostly absent from the chief classes brought in by the Acts of 1900 and 1906, and it seems safe to infer that in the case of an industry or employment in which these features are not present, the danger of small employers neglecting or refusing to insure will be considerably greater. In fact, in the case of classes like clerks, shop assistants and domestic servants, accidents are so comparatively rare that it almost seems unreasonable to expect the small employer to insure in such cases. It may, therefore, be anticipated that at any rate in the first five or ten years after the new Act comes into force, large numbers of small employers will remain uninsured.

Turning to question 2, it may be observed that in the evidence, quoted above, given before the Workmen's Compensation Committee, want of facilities for insurance is not put forward as a reason to account for the neglect to insure. On the contrary, in two of the cases the cost of the premium is given as the reason, and the whole tenour of Commander H. P. Smith's evidence was that these small employers would never insure until it was compulsory. No doubt there are cases in which employers have remained uninsured through want of facilities, but so far as I am aware, they have never been brought to notice. It would be impossible, therefore, to say that experience of the Act of 1897 tended to show that small employers failed to insure from that cause. It may, however, conceivably be suggested that the Act of 1906 has so greatly extended the Act of 1897 that the existing companies will not be able to cover the whole field. It will only be possible to judge as to this from the evidence which the Committee will no doubt obtain from the companies themselves. That evidence may show that the companies do not propose to trouble themselves about certain classes of small employers, say, in agricultural districts where the cost of collection may make it hardly worth their while; but it would be rash to assume that that will be the case, and to judge from the notices scattered broadcast by the companies, &c., it looks as if they intended, and expected to be able, to deal with all.

Supposing it is right to assume that the reasons why considerable numbers of small employers do not and will not insure, are not want of facilities, but lack of prudence or energy, or (as is certainly often the case) sheer indifference to the prospect of bankruptcy, by what methods, short of compulsion, can these employers be persuaded to insure? It would, it is submitted, be almost useless for the Post Office merely to put up placards in their offices and distribute leaflets. It would be absolutely necessary to undertake a vigorous and persistent personal canvassing and make a door to door collection of premiums, a business for which,

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presumably, a special staff would be required as no such staff, I understand, exists for the life insurance work. The Post Office, indeed, will have to do much more than ordinary insurance companies to obtain the customers for whom it is anxious to cater, for the bulk of them will require a good deal of solicitation.

There are two dangers which may be mentioned here to which the Post Office would inevitably be exposed unless it took special steps to avoid them. One is that bad employers who are careless as to risks to their employees would be inclined to take refuge in Post Office insurance, unless the Post Office followed the example of many of the mutual insurance associations and companies in inquiring closely into the method in which the business was carried on and the causes of any accidents, and refusing to insure unless necessary improvements were made. The other is that employers who employ old, infirm, and maimed workmen would be attracted to the Post Office. This would involve the Post Office in a difficulty. If it offered the ordinary rates for these workmen, it would find shortly that it was carrying on a fairly wide system of old age pensions which would be a costly matter, and is certainly not a thing that is intended to be established by the Act. On the other hand, it might, like some companies, at any rate, insert a clause in its policies to confine them to able-bodied employees; but of course this has a great appearance of harshness. Or it might be thought best to offer special rates sufficiently high to deter people from insuring this class of workmen; but this would also be a subject of considerable complaint.

(7) *Settling of Claims under the Workmen's Compensation Act.*

The settling of these claims between insurance companies and workmen is by no means a simple matter, and it may be useful to indicate briefly the duties which the Post Office, if insuring employers in respect of all their liabilities under the Act, would have to undertake, and the difficulties it would have to meet. It is not for a moment suggested that all or any of the difficulties referred to below would be experienced in a majority of the claims, but there will be a considerable proportion, particularly in the case of small employers only employing one workman or servant, in which difficulty will arise.

In the first place, the Post Office will have to determine how far, when a claim for compensation is made on an employer whom it has insured, it will take the charge of the case out of the employer's hands and settle the claim itself. On this point, the Post Office will, I should think, have to follow the practice of the large insurance companies and employers' mutual insurance associations from whom full evidence will, no doubt, be obtainable. But for several reasons, *e.g.*, the risk of collusion between employer and workman, it is certain, I think, that the Post Office will have to interest itself in the case almost from the beginning. In a large number of cases the procedure will be as follows:—Notice of the accident and claim will be received from the employer—the policies granted by some companies impose on the employer very stringent requirements as to the time within which he is to furnish the company with these notices, but the Post Office would probably have to be content with much laxer conditions. On receipt of the notice of accident, if the injury appears to be at all serious, a doctor will have to be employed to examine the injured workman, and information as to the circumstances of the case may have to be obtained by local inquiry. If the claim is admitted, arrangements have then to be made for continuing the weekly payments during incapacity and for having the workman medically examined at proper intervals. When, in the doctor's opinion, he is sufficiently recovered to go to work to earn something, or will certainly be fit in two or three weeks to return to his old employment, someone will have to be appointed with full power to come to an agreement with the workman that he shall accept a reduced weekly payment or that he shall commute any further claim for a lump sum. In remote and scattered districts where there are only small post offices, I presume local solicitors would have to be employed for this purpose.

If no agreement is arrived at, either the Post Office must continue to pay the full weekly payment till the workman actually returns to work at his former wage, or application must be made to the county court to settle the matter, which of course takes time and money. A great deal of bargaining is involved. The cases cannot be decided by definite rules.

If the case results in permanent incapacity, a decision must be arrived at whether to continue to make weekly payments for a year or two, or to offer to commute, and if the workman declines the offer, to apply (under the provisions of Schedule I. (17)) to the County Court Judge to compel commutation and fix the amount of the sum to be paid. In such cases the Post Office would be expected probably to advise the judge as to the directions he should give for the investment &c., of the money.

Here it may be worth while to draw attention to the provisions in paragraphs (9) and (10) of Schedule II. of the Act as to registration of agreements, &c. By these provisions no agreement to commute is valid unless a memorandum of the agreement has been registered with the registrar of the county court, and when such memorandum is received at the court for registration, it may be renewed by the judge, and quashed or varied on the ground of the inadequacy of the sum, or by reason of its having been obtained by fraud or undue influence, or other improper means. If a judge ever disallowed an agreement made by the Post Office on any of these grounds, there would inevitably be a great outcry, so the Post Office would probably either make a practice of never commuting by agreement, or of always erring considerably on the side of generosity. In either case the result would be costly and undoubtedly lead to malingering, &c., on the part of the employees. It is important to notice this point, because the Act was not drafted with a view to the Post Office taking up insurance business, and there would probably be a number of cases in which the Post Office, as a public department, would find itself in an awkward or false position. It is to be noted that (except in one or two cases, *e.g.*, the bankruptcy of the employer) proceedings under the Act are always between the *employers* and the workmen—an insurance company is not itself empowered to apply to the county court to settle the amount of compensation, &c. It is always the employer's name which appears on the record.

The following is a list of some of the matters which may give rise to difficulty in settling claims under the Act of 1906:—

(1) Whether the injury is—
  (*a*) an injury by accident arising out of and in the course of the employment (section 1 (1)); or
  (*b*) a disease included in Schedule III. of the Act or subsequently added thereto by Order of the Secretary of State, and, if so, whether it is due to the nature of the workmen's employment when employed by an employer insured with the Post Office (section 8).
  Insurance of employers against liability in respect of industrial disease, and the settling of claims in such cases involve several difficult questions, which would require to be considered separately.

(2) Whether in the case of an injury which has not resulted in death or serious and permanent disablement, there has been serious and wilful misconduct. When is a disablement "serious"? (section 1 (2) (*c*).

(3) Whether a claim should be disputed on the ground that due notice of the accident or claim for compensation was not given (section 2 (1)).

(4) Whether the employer insured is a sub-contracter, and has a right to be indemnified by another employer under the provisions of section 4.

(5) Whether, if the policy granted was not issued in respect of any particular workman, the person claiming compensation comes within the definition of "workman" in section 13. The partial inclusion of casual labour will probably lead to a great many difficulties which will only be settled by litigation.

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(6) Whether the dependants claiming compensation were actually dependent wholly or in part upon the earnings of deceased at the time of his death (section 13).

(7) In the case of persons partially dependent, what amount of compensation is "reasonable and "proportionate to the injury to the said "dependants" (Schedule I. (1) (*c*)).

(8) The amount to be paid to minors whose average weekly earnings are less than 20*s*. (Schedule I (1), proviso (*b*)).

(9) The assessment of the workman's "average weekly earnings" in accordance with the provisions of Schedule I. (2).

(10) The reduction to be made in a weekly payment when the workman has so far recovered as to be earning or "able to earn" something in "some suitable employment or business." When is the workman able to earn something? and what is a suitable employment or business? (Schedule I. (3)).

(11) The proper distribution of the compensation among the different dependants (Schedule I. (8)).

(12) Negotiations under Schedule I. (15) with a view to a reference to a medical referee.

(13) Agreements to terminate or commute weekly payments under Schedule I. (16) and (17).

A great many cases under the Workmen's Compensation Acts come every year into the courts, and in the first ten years of the new Act the number will be greatly increased and will probably be very large. In 1905 the number of cases dealt with by the county courts in England, Wales, and Ireland, and by the Sheriffs in Scotland, was 2,238. The number of appeals from the county courts, including appeals to the House of Lords from the Court of Appeal in England, was 113. The Post Office, if acting as an accident insurance company, would not be able to avoid a share of this litigation.

(8) *Outside Pressure.*

A further and serious difficulty from which an ordinary company is free, but which the Post Office will have to face in settling claims, will be to resist the appeals which will be made to it from outside to grant exceptional treatment in particular cases. The sort of case I have in mind is where a workman having recovered from the effects of an accident has gone back to work and had his weekly payments stopped, but a few weeks later falls ill and asks for the weekly payments to be renewed. The doctor employed by the Post Office may certify that the illness is not due to the accident, but if the case is a hard one, pressure may be brought to bear on the Post Office to disregard his opinion. Another case where the Post Office will be exposed to outside pressure will be where a weekly payment has been commuted by agreement for a lump sum, and on some ground or another the workman subsequently appeals for a further allowance. The commutation of a weekly payment is supposed, except where the injury subsequently results in death, to terminate the employer's liability, but it will be difficult for the Post Office to refuse to reopen hard cases. Questions in the House of Commons about particular cases may be expected to be fairly numerous.

(9) *Solvency of Insurance Companies.*

The danger of a private accident insurance company becoming insolvent has been advanced as a reason for the Post Office undertaking accident insurance business. The liability to pay compensation always remains with the workman's employer, and if the company in which the employer is a policy-holder is unable to satisfy his claims, the workman might lose his compensation if the employer were not then in a position to make the weekly payment. But it will be for the Committee to consider whether, if the Employers' Liability Insurance Companies Bill introduced at the end of last Session and already reintroduced this Session by His Majesty's Government becomes law, the danger will be a real one. That Bill proceeds on the lines recommended by the Workmen's Compensation Committee and applies the provisions of the Life Assurance Companies Acts (*i.e.*, requiring every company to deposit 20,000*l*. in High Court, to supply the Board of Trade with annual statements of accounts and balance sheets, &c.) to every employers' liability accident insurance company, whether established before or after the Bill passes, with certain exceptions, however, in favour of employers' mutual insurance associations, Lloyds', &c.

(10) *Possible Limitations, if Accident Insurance business is undertaken by Post Office.*

The Committee are invited by the terms of reference to consider the question of the Post Office undertaking the business subject to limitations.

One such limitation might be that the Post Office should only insure employers against their liabilities under the Act in respect of deaths and the more serious or permanent cases of injury. A serious or permanent injury might be declared to be an injury causing, say, three or six months' incapacity. The advantage of such a limitation would seem to be that the Post Office would be free from responsibility in the more trivial cases of injury which must be dealt with promptly and by persons on the spot, and which are often exceedingly troublesome to settle and involve administrative expenses disproportionately high. But a limited policy of this kind would probably, even if it was considerably cheaper than a comprehensive policy, be much less attractive to the ordinary employer who, I imagine, if he insures at all, likes to feel that he has provided for all contingencies. Again, it would not be possible for the Post Office to ignore cases of injury to the servants of its clients *until* three months' incapacity had been or was about to be completed. The Post Office would be bound, I think, to require from the policy-holder notice of every accident (it is often impossible to say how an injury will develope) and in the case of almost every accident causing more than a week's incapacity, to inquire into the circumstances of the case while it was still fresh (there would otherwise be considerable risk of collusion between employers and workmen in cases of illness not strictly due to accident). Further, it would require and ought to have the workman medically examined once or twice in the first three months. Even under the English system a number of cases which would otherwise result in permanent incapacity, are absolutely cured through prompt and skilful treatment being supplied in the early stages by the employers' doctors. Thus the man's health and the master's pocket are saved. It would be desirable, therefore, for the Post Office to watch all cases of injury pretty closely. If this is done, however, much of the advantage to be derived from limiting the policy is lost.

It may be worth while to point out that in strong contrast to the German system, no statutory provision is made in the English system for securing that the workman shall be properly treated. There are obvious objections to giving a private employer or private insurance company a right to dictate the treatment which the workman is to receive, and without further legislation the Post Office will be in exactly the same position as an ordinary insurance company.

Another limitation on Post Office insurance which may be suggested would be to restrict it to the insurance of small employers. This proposal seems open to certain practical difficulties. In Mr. Cochrane's amendment proposing that policies granted by approved companies should be issued to small employers through the Post Office, a small employer was defined as "an "employer who, at the time when the policy is issued, "has not in his employment more than five workmen," and it was provided that it should be a term of every policy issued "that if at any time during the currency of "the policy the number of workmen in the employment "of the policy holder exceeds five, the policy shall there-"from become null and void without prejudice to any "liability accrued thereunder, and the company shall "repay to the employer such a proportion of the "premium paid by him as is attributable to the un-"expired portion of the period in respect of which "the premium was paid." Supposing the Post Office to act as principal on this basis, would not the following results ensue:—

(1) Policy holders would be very loth to employ any casual labour for the purposes of their trade or business, if such employment would render their policy void.

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(2) They would also be reluctant to take on an extra man or men, say for six or eight weeks, if their staff would be increased to over five. (How would this operate in the case of small farmers at harvesting and haymaking?)

(3) When they came to employ more than five, they would be apt to be careless about letting the Post Office know, and taking out a fresh policy.

The question of cost may, perhaps, also require to be considered, *i.e.*, how far are the profits of companies derived from large employers, and do their rates for each industry fully cover the expense in respect of that industry. If losses on the insurance of small employers are recouped by gains on the big employers (it may, so far as I am aware, be the other way about), the rates of the Post Office, if restricted to small employers, might compare very unfavourably with the rates of ordinary companies.

(11) *Foreign Systems of Workmen's Compensation.*

The attention of the Committee may be drawn to the memorandum, written by Sir K. Digby, G.C.B., the Chairman of the Workmen's Compensation Committee, and published as Vol. III. Supplementary Appendix to the Committee's Report, which deals fully with the principal provisions of foreign and colonial laws on the subject, and which remains, I believe, substantially up-to-date except in regard to the French law which was modified and extended in some important respects in 1905 and 1906. That memorandum shows clearly the extent to which under the several European systems employers abroad are compelled or assisted by the law to take steps for ensuring that sufficient funds shall be available to meet their liabilities. But it may be convenient for the Committee on the present occasion to have a brief summary, from the memorandum, of the chief methods.

1. The English law places on the individual employer the entire responsibilty for the payment of any compensation that may become due to the workmen employed by him. It does not compel or assist him in any way to insure. It relies for that on the employer's providence, fear of bankruptcy and desire to fulfil legal obligations. It has taken, so far, no steps to secure the solvency of the private companies with which the employer insures.

2. The laws of Denmark, Spain, Sweden and Russia place the responsibility on the individual employer, and do not require him to insure. But they provide for releasing him from his liabilities if he insures with some company or association approved or controlled by the State.

3. Belgium, Holland, Italy and Norway require the employer to insure, and, subject to certain exceptions, require the insurance to be effected in a national bank or insurance office.

As examples of the exemptions allowed, reference may be made to the provisions in the Italian law exempting the employer from the general obligation of insuring with the national bank, (1) if he insures with any mutual insurance society approved by the Government, and (2) if employing over 500 workmen and establishing a compensation fund and giving adequate security to the State for its sufficiency.

4. France does not require the employer to insure, but has established out of certain taxes a State guarantee fund kept by the national old age pension bank by which the workman or his dependants are guaranteed the compensation due in the case of fatal accidents or permanent injuries.

The bank has a right to recover from the defaulting employer or insurance company. All accident insurance companies doing business in France are subject to various State regulations.

5. In Germany and Austria the law provides for the compulsory formation of employers into associations (trade and territorial) for the annual levy of such contributions from the members of each association as will meet the year's claims, and for the establishment by each association of a reserve fund. The whole liability is thus transferred from the individual employer to the association to which he belongs. There is also a State guarantee.

(In Germany compensation is paid by orders on the Post Office, which is re-imbursed by the association at the end of the year.)

(12) *Suggestion that in the case of Workmen Permanently Injured the Post Office might allow Employers to purchase Annuities the Payment of which it would undertake.*

In his evidence before the Workmen's Compensation Committee, Mr. C. E. Troup, C.B. (Assistant Under-Secretary of State for the Home Department) made the suggestion that in the case of permanent injuries the Government might assist employers by allowing them to purchase for the workmen an annuity which the Government itself would undertake to pay. The annuity would secure to the workman either the maximum weekly payment to which he might be entitled on commutation under the Act (Schedule I. (17)), *i.e.*, 75 per cent of the weekly payment payable at the time of commutation, or such smaller payment as might be agreed on between employer and workman. Mr. Troup's evidence was as follows:—

"414. (*Witness.*) There is one other suggestion I should have liked to have made—it is merely a suggestion—whether it would not be possible in the case of absolutely permanent injuries, where there is a permanent annuity payable by the employer, for the Government to assist by allowing the employer to lay down a lump sum, and the Government take over the payment of the annuity. That would relieve the employer altogether from the trouble of paying an annuity for life. It would also relieve the workmen from the risk of losing his annuity altogether. We have got in the Post Office a very easy way of paying annuities, and we have got in the medical referees a machinery for reporting on the cases. The chief difficulty, of course, would be taking the Post Office rates for annuities. They are higher than employers would give. But of course those injured workmen are in most cases bad lives—one may assume that when they have received an injury which disables them for life. In those cases I have no doubt that no insurance company would give annuities at reduced rates, but I think it might be the right thing for the Government to have a report from the medical referee, and if the life proves to be a very bad one, to give an annuity at a reduced rate.

"415. (*Chairman.*) Would it be possible to carry that further to see whether it would be at all a thing which would be entertained by the authorities? I suppose it would be a Treasury question?—Yes, it would certainly involve a certain amount of risk. It would be very difficult to know how it would work. If you gave annuities at reduced rates you might be let in for loss. I think, possibly, Mr. Brabook would be a good person to consult on the subject. But, of course, I only throw that out as a suggestion which has occurred to me."

Even if it was not possible for the Post Office to offer annuities at much reduced rates, it would still be a boon for employers to be able to purchase an annuity which would relieve him from further responsibility. Of course, he can pay the workman a lump sum, but in many cases he shrinks from doing so from the fear that it will be immediately squandered. Further, it would be much simpler for county court judges, when fixing sums to be paid on compulsory commutation, to direct the purchase of such an annuity than to be forced, as at present, to pay the money out by instalments directly from the court or to invest it in an annuity purchased through the Post Office from the National Debt Commissioners, the payments of which require to be authorised from time to time by the Treasury, County Court Judge or Registrar.

It is interesting to note that the French law contains a provision giving effect to an arrangement almost exactly the same as that suggested by Mr. Troup:—

"Article 28. Le versement du capital représentatif des pensions allouées en vertu de la présente loi ne peut être exigé des débiteurs.

"Toutefois les débiteurs qui désireront se libérer en une fois pourront verser le capital représentatif de ces pensions à la Caisse nationale des retraites, qui établira à cet effet, dans les six mois de la promulgation de la présente loi, un tarif tenant compte de la mortalité des victimes d'accident et de leurs ayants droit."

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TABLE SUPPLEMENTARY TO MR. BANNATYNE'S MEMORANDUM.

Details of figures given in Section 3.

	Males.	Females.	Total.
Clerks:—			
England and Wales	495,147	58,180	553,327
Scotland	62,770	15,573	78,343
Ireland	32,777	3,539	36,316
Total	590,694	77,292	667,986
Civil Service Clerks:—			
England and Wales	42,475	14,312	56,787
Scotland	3,876	1,537	5,413
Ireland	5,740	2,549	8,289
Total Civil Service Clerks	52,091	18,398	70,489
Total all Clerks	642,785	95,690	738,475
Shop Assistants:—			
England and Wales	501,232	192,718	693,950
Scotland	66,318	38,753	105,071
Ireland (number cannot be given)	—	—	—
Total (exclusive of Ireland)	567,550	231,471	799,021
Domestic Servants:—			
England and Wales	244,078	1,330,819	1,574,897
Scotland	21,977	143,711	165,688
Ireland	23,851	169,769	193,620
Total	289,906	1,644,299	1,934,205
Seamen:—			
England and Wales	120,896	743	121,639
Scotland	19,252	119	19,371
Ireland	9,940	17	9,957
Total	150,088	879	150,967
Fishermen:—			
England and Wales	15,344	33	15,377
Scotland	15,212	125	15,337
Ireland	10,361	73	10,434
Total	40,917	231	41,148

Workshop Workers.

Chief Industries.	Number employed.*	
1. Cotton, wool, &c.	16,000	
2. Wood (includes carpenters, wood turners, and others)	30,000	
3. Clay, stone, &c.	11,000	
4. Machines, conveyances, appliances, tools:—		
Plumbing; heating, gas fitting, &c. appliances	17,000	
Coaching; carriages, waggons, &c.	22,000	61,000
Saddlery; harness	10,000	
Blacksmiths	12,000	
5. Boxes, &c.	12,000	
6. Cabinet and furniture making, upholstery	47,000	
7. Food (bread, biscuits, confectionery)	47,000	
Fish curing and preserving	23,000	70,000
8. Clothing:—		
Tailoring	100,000	
Hats and caps	10,000	
Millinery, &c.	212,000	
Boots, shoes	30,000	
9. Jewellery, plate, fine instruments, fancy articles, games	29,000	
10. Engraving, photographic processes, &c.	13,000	

* All these numbers are believed to be two or three thousand below the mark.

APPENDIX II.

The Agricultural Organisation Society,
Dacre House, Dacre Street,
Westminster, London, S.W.
March 18th, 1907.

E. Raven, Esq.,
General Post Office.

DEAR SIR,

I THANK you for your letter and enclosure *re* insurance.

I am afraid I am unable to give you any definite information, but as you have been good enough to ask for it, I will give you an expression of opinion.

With regard to the questions in the circular—

(1) The great bulk of the larger farmers are fully insured. Probably 50 per cent. of the smaller farmers and market gardeners (employers of irregular labour or of one and two hands) are uninsured.

(2) Have no information.

(3) See remarks below.

(4) I insured for wages of 500*l.* for several years, but never made a claim.

I am of opinion that all insurance against accidental loss, employers' liability, fire, hail, death of livestock, &c., should be co-operative and mutual.

1st. Because each individual should take his share in the risk either by a premium or a levy, or both.

2nd. Because the payments required from each individual should be exactly his share of the mutual loss, that is, no profits should be made by any individual or company.

It has been found that under any proper system of really mutual insurance, the cost is very much reduced

1st. Because the insurers of each district are carefully selected, each new insurer having to be admitted by his fellow insurers or by a committee representing them.

2nd. Because fraud is almost impossible owing to the local knowledge of the fellow insurers.

3rd. Because there are no agency or advertisement charges and the establishment charges are small.

There is no doubt that it would be a convenience greatly appreciated by the public if they could effect an insurance against employers' liability with regard to their domestic servants as easily as they can take out a gun licence. With the necessary organisation and certain safeguards against fraud, this should be possible. The general insurance of employers against accidents to workmen in the extended sense of the word, would be more difficult.

As I am at present engaged in organising a scheme of mutual insurance amongst our co-operative societies, I might be able to make a few notes on how a scheme for the insurance of small employers could be worked if you think it would be of use to your committee.

Yours faithfully,
(Signed) WILLIAM M. TOD.

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APPENDIX III.

Replies received from Chambers of Agriculture and Agricultural Societies to Questions as to Insurance of Farmers.

Body.	How far are Farmers insured against their Liability under the Act of 1900?	How far are they now insuring?	Do you consider there is scope for the Operations of the Post Office?	General Observations.
ENGLAND.				
Berks and Adjoining Counties Dairy Farmers' Association.	Universally - -	- - -	No - - -	Farmers place their business with agents they know personally. Post Office would have to employ a body of expert agents.
Blackpool and District Dairy Farmers' Association.	Most of farmers insured	Farmers likely to protect themselves under Act of 1906.	If Post Office can offer more advantageous terms than companies.	Glad to hear if Post Office are prepared to offer advantageous terms to his association.
Blandford Farmers' Club.	All larger and many smaller farmers insured.	Not much increase under Act of 1906.	Depends whether lower premiums can be charged. Companies' rates high for small farmers. Scope at reduced rates.	—
Cleveland Chamber of Agriculture.	Majority, especially of larger farmers, insured.	No considerable increase in consequence of new Act.	Yes, amongst small farmers in remote country districts.	Post Office insurance of domestic servants would be popular with small householders.
Cornwall County Farmers' Union.	90 per cent. - - -	Very little being done up till now under new Act; farmers will wait till July.	Ground already covered; not much prospect of business except at greatly reduced premium.	—
Cumbernauld Agricultural Society.	Farmers have not given Acts serious consideration; companies not active.	- - -	No need; but success probable if tariff reasonable.	Most labourers are members of farmer's own family.
Cumberland and Westmoreland Chamber of Agriculture.	Opinions vary amongst members of chamber from less than 50 per cent. to 90 per cent. Secretary's estimate is lowest.	- - -	Chamber sees no reason against Post Office undertaking the work. Secretary sees no need for it.	Insurance companies are very active, and there is no lack of facilities.
Devon County Agricultural Association.	Generally - - -	- - -	No.	—
East Suffolk Chamber of Agriculture.	Only partially - -	More extensively; in increasing number.	Yes.	—
Hertfordshire Chamber of Agriculture.	Majority already insured.	- - -	No scope; scores of agents of companies, who attend local markets, and are personally known to farmers.	—
Howdenshire Agricultural Club.	Generally - - -	Farmers fully alive to their responsibilities under Act of 1906. Companies active.	Little scope amongst farmers; small shopkeepers and other town employers might be reached.	Insurance of casual labour serious matter. Insurance companies not unreasonable in their charges.
Isle of Purbeck and Wareham Farmers' Club.	- - -	- - -	Opportunities offered by companies quite sufficient.	
Isle of Wight Agricultural Society.	The majority are insured	- - -	Post Office would do a good deal of business.	Insurance companies are active.
Kendal Farmers' Club -	80 per cent. to 90 per cent.	All farmers will now insure.	Not much scope, unless Post Office appoint outside agents and compete vigorously with companies.	Companies' agents compete keenly and follow farmers to fields. Many farmers consider companies' rates too high.
Lancashire Farmers' Association.	Not many insured -	Not much business being done at present.	Not much scope; large number of agents of companies actively canvassing.	—
Lincolnshire Chamber of Agriculture.	Very generally - -	- - -	Yes, both amongst farmers and householders generally, in consequence of inclusion of domestic servants.	—
Mayfield Farmers' Club	Uncertain - -	Probably obtaining policies.	No: unless terms are more favourable than those of companies.	—
Monmouthshire Chamber of Agriculture.	Five-sixths - -	Probably all are now insuring.	No - - -	The present facilities reach all the farmers, who are quite conversant with insurance.

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Body.	How far are Farmers insured against their Liability under the Act of 1900?	How far are they now insuring?	Do you consider there is scope for the Operations of the Post Office?	General Observations.
ENGLAND—*cont.*				
Norfolk Chamber of Agriculture.	Almost universally, with exception of very small farmers.	Act of last year has not made much difference.	Only in the case of small farmers, if insurance were made easy and small premiums charged.	Act works satisfactorily. Universality due to activity of agents.
North Cotswold Farmers' Association.	Most farmers insured -	- - -	Yes, if it can be done at a smaller premium.	—
Oldham and Counties Federation of Farmers' Associations.	Generally - -	- - -	No.	—
Rossendale and District Tenant Farmers' Association.	Whole of members (340) insured.	—	—	—
Rye and District Farmers' Club.	Three-quarters - -	No increase, so far as he knows.	If Post Office could issue policy for 5*s.* against the companies' 10*s.*, they might get business.	Post Office might usefully defeat combination of companies.
Settle and District Farmers' Association.	Very largely, almost all considerable farmers.	Each year more and more insure.	Yes, on account of complicated nature of companies' policies, and tendency to evade payment.	Most farmers insure through friend, or someone they like. Post Office must employ agents.
Snaith and District -	Practically all - -	No increase - -	In favour of Post Office undertaking the work.	Companies make use of loop holes to evade liability.
Somersetshire Chamber of Agriculture.	One in four - -	Not much increase -	No.	—
South Wilts Chamber of Agriculture.	Considerable number not insured.	Insurance increasing -	Not unless it is done in spirit of benevolence and at lower premiums.	Farmers have not yet realised their risks.
Whitchurch Dairy Farmers' Association.	Three-quarters - -	General revision of policies in progress.	Only to a limited extent.	—
Winfrith Farmers' Club	Generally - -	No marked increase in insurance.		—
SCOTLAND.				
Aberfeldy District Farmers' Club.	Farmers take full advantage of companies' facilities.	- - -	- - -	Companies canvass vigorously.
Angus Agricultural Association.	- - -	- - -	No scope for Post Office	Canvassing of companies very active. Almost every lawyer and banker agent for companies.
Annandale Union Agricultural Society.	The great majority -	Practically all will be insured when new Act comes into operation.	No - - -	Companies' agents are extremely active, and Post Office would do very little unless they employed canvassing agents.
Arran Farmers' Society	To a very limited extent	Insurance will increase in consequence of the new Act.	No - - -	Companies have representatives all over Scotland.
Auchinleck Farmers' Society.	A large majority -	Mostly already insured -	Not unless at a cheaper rate.	—
Ayrshire Agricultural Association.	90 per cent. or more -	Not much activity on part of companies at present moment. Domestic servants usually are also farm servants.	Not much scope. Insurance companies' agents visit markets, fairs, &c., and in some parts pay farm-to-farm visits. Post Office would have to employ similar methods.	He, as agent, has insured from 300 to 400 farmers.
Border Union Agricultural Society.	Practically all - -	- - -	General feeling that the work is outside the business of the Post Office.	—
Breadalbane Agricultural Association.	Arable farmers as a rule are insured, but very few pastoral farmers.	Not likely to increase insurance.	No scope, except with lower rates: companies reach every farmer.	Farmers do not insure to same extent as other employers, but try to cut down expenses.
Carse and Dundee District Farmers' Club.	At least four fifths -	Nearly the whole are now insuring.	No - - -	Farmers fully alive to the necessity of insuring.
Clackmannanshire Union Agrtcultural Society.	Generally - -	Majority are insuring domestic servants.	No.	—
Denny and Dunipace Agricultural Association.	Almost all the larger farmers.	No increase, so far as he knows.	Yes, if rural postmen were allowed to act as canvassers.	Post Office with its extensive organisation could probably conduct business more economically and effectively than companies.
Dunoon Agricultural Society.	The great majority -	- - -	No.	—

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Body.	How far are Farmers insured against their Liability under the Act of 1900?	How far are they now insuring?	Do you consider there is scope for the Operations of the Post Office?	General Observations.
SCOTLAND—*cont.*				
East Lothian Farmers' Club.	A very large proportion	Farmers are having policies revised to include domestic servants.	No. Companies' activities very keen, attending weekly markets and fairs.	There may be districts (*e.g.*, N.W. of Scotland) in which companies have not pushed their way; but in these it is exception for employee not to be a member of employer's family.
Edinburgh Agricultural Association.	Nearly all	Insurance companies very active.	No.	—
Fenwick Farmers' Club	90 per cent at least	-	Farmers would welcome Post Office on account of convenience and anticipated cheapness (companies' rates considered excessive).	In case of fire insurance Farmers' Association cover for 1*s.* the same risks for which the companies charge from 5*s.* to 7*s.*
Fife Agricultural Society	A large proportion	No increase at present	Post Office would have many difficulties to contend with, as insurance companies spare no efforts to reach farmers.	—
Galashiels Farmers' Club	The great majority	Numerous inquiries reaching the Farmers' Supply Association.	Insurance companies have so far met the needs of farmers.	Companies' settlements are fair; but they are increasing their tariff on 1st July by 100 to 150 per cent.
Grougar Farmers' Analytical Association.	Mostly	Not much increase	Post Office would get a share of the business according to the facilities held out.	Companies are issuing numerous circulars.
Highland Cattle Society of Scotland.	Pretty generally	Farmers will no doubt insure against liabilities under Act of 1906.	No scope; private companies so active that no one who really desires to insure escapes their notice.	Private enterprise quite sufficient.
Kincardineshire Farmers' Club.	Almost wholly	No room for increase	No scope. Companies cover the field. Only chance of Post Office would be to offer reduced rates, which would probably result in loss.	—
Kippen and District Farmers' Club.	Mostly.	—	—	—
Kirkintilloch and District Agricultural Society.	Generally	Not many uninsured. Insurance companies active.	No scope. Every facility given by companies at moderate rates.	Views unanimously approved by Society (155 members).
Kirriemuir Agricultural Society.	Many farmers are insured.	Additional numbers now insuring.	Yes.	—
Lanarkshire Farmers' Society.	Farmers all insured	-	Insurance companies have given farmers every facility.	Forty farmers present at meeting, all insured.
Lauderdale Agricultural Society.	Almost all	-	Not unless the Post Office gives lower terms than the companies.	—
Liddesdale Agricultural Society.	75 per cent.	Not much activity	No scope for Post Office. Insurance companies reach all farmers.	—
Morayshire Farmers' Club.	All insured, so far as he knows.	Insurance business very much pushed by agents.	Post Office would not get much business unless they pushed it and offered the same or better facilities than companies.	—
Morayshire Farmers' Defence Association.	Fair number insured	Fair number of insurances now being effected.	Companies already cover the field; keenly canvassing; doubtful whether scope for Post Office.	—
New Monkland Agricultural Society.	Mostly insured	Many are now insuring	Farmers so well canvassed by companies that there is no particular need for Post Office action.	—
Perthshire Society	To a large extent	Insurances being increased to include domestic servants.	No.	—
Renfrewshire Agricultural Society.	To a great extent	Every day insurance becoming more general.	Yes, on account of greater liberality and justice to be expected from Post Office.	—
Renfrewshire (Lower Ward) Agricultural Society.	To a very limited extent	Farmers are now insuring owing to activity of companies.	He does not think so	Farmers largely employ members of their family.

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Body.	How far are Farmers insured against their Liability under the Act of 1900?	How far are they now insuring?	Do you consider there is scope for the Operations of the Post Office?	General Observations.
SCOTLAND—*cont.*				
Ross (Easter) Farmers' Club.	All larger farmers insured. Only uneducated ones uninsured.	Insurance increasing through companies' activity.	Yes, if Post Office produce a scheme to insure against *all* expenses (not merely those under the Act) at moderate rates.	Servants hired by half year, and paid at *full* rates during sickness.
St. Andrew's and East of Fife Farmers' Club	Practically all - -	- - -	Ample scope if the Post Office give lower rates than the companies.	——
St. Mary's Isle Estates and District Agricultural Society.	Pretty generally - -	Not much increase in consequence of Act of last year.	Not much, unless Post Office is prepared to canvass.	Companies canvass very keenly, and are determined to reach everyone affected by the Act of 1906.
Selkirk Farmers' Club -	To a very large extent -	The great majority are insuring domestic servants.	No scope; this part of the country overrun by insurance agents.	——
Stewartry of Kirkcudbright Farmers' Club.	Nearly all - -	- - -	No - - - -	All the solicitors, bankers, and insurance agents in the district are canvassing, and cover the whole ground.
Teviotdale Farmers' Club.	To a fair extent on arable farms, but not much on hill farms.	The number will increase.	No, except at a much lower rate than that of the companies.	——
Windygates Agricultural Society.	Majority are insured -	Not much room for increase.	No.	——

APPENDIX IV.

MEMORANDUM FURNISHED BY THE DEPARTMENT OF AGRICULTURE AND TECHNICAL INSTRUCTION, DUBLIN.

Insurance of Irish Farmers under the Workmen's Compensation Act.

(1) Number of farmers who insure in Ireland against liability under the Workmen's Compensation Act.

The Department have no means of furnishing anything more than a rough estimate as to the number of farmers in Ireland who insure against liability under the Workmen's Compensation Act. There are no special statistics available on the point, and at present the only means of getting an accurate return would be if the several insurance companies were prepared to disclose the necessary information. The Department have, however, made inquiries at various sources as to the prevalence among Irish farmers of insurance against liability under the Workmen's Compensation Act, and have issued a circular to a selected number of their correspondents in different districts asking for information. The answers herewith submitted by the Department to the questions forwarded by the Secretary of the Committee of Inquiry are to a large extent based on the replies, numbering over 150, received from correspondents.

In estimating, even roughly, the percentage of farmers in Ireland who insure, it is necessary to make clear whether both farmers who employ hire labour and those who work their farms without such labour are included in the calculation. If the total number of agricultural holders is considered, the percentage of farmers who insure against accidents to their workmen may be estimated to be about 7 per cent. It may be lower than this percentage, or it may be somewhat higher, but it cannot be much higher. This very low figure is, however, mainly due to the fact that by far the largest number of farmers in Ireland have less than 30 acres in extent, and work their farms without the help of regular hired labour. According to the Agricultural Statistics of 1905, out of a total of 471,966 agricultural occupiers of over one acre in extent, 55,994 had holdings of over 1 and not exceeding 5 acres, 138,151 had holdings of over 5 and not exceeding 15 acres, and 121,483 had holdings of over 15 and not exceeding 30 acres. Thus, of the total number of occupiers of over 1 acre, namely, 471,966, no less than 315,628 were occupiers of holdings not exceeding 30 acres in extent. Very few of these insure against liability under the Workmen's Compensation Act.

The total number of occupiers having land of over 30 acres in extent amounted in 1905 to 156,340, and of this number 68,308 had holdings between 30 and 50 acres in extent, of whom only a very small percentage, say 3 per cent., would appear to insure against accident to their employees.

The number of farmers having holdings of 50 and not exceeding 100 acres was in 1905 54,492, but while insurance is considerably more prevalent in this class it is doubtful if, taking the whole country, more than one-fourth, if as many, of these farmers are insured against liability to accident.

The number of holdings between 100 and 200 acres was in 1905 22,593, while the total number of holders having land exceeding 200 acres amounted to 10,947. From the information obtained it seems not unlikely that about 50 per cent. of these holders of over 100 acres are insured against liability to accident.

In connection with the above figures it should be stated that the area of land in all cases represents the gross area of holdings, and that allowance must therefore be made for the fact that a considerable number of holdings, especially among those exceeding 50 acres in extent, consist largely of rough grazing land.

Taking, therefore, the total number of agricultural occupiers having over 1 acre in extent, namely, 471,966, the resulting estimate, 7 per cent., may be assumed to represent the number insured. It must however, be clearly recognised that in the existing state of information these figures are nothing more than an estimate, and that the true figure may be either higher or lower, though it is difficult to see how it can be much higher. On the other hand, if the number of agricultural occupiers having over 30 acres in extent is considered, the percentage of those insured would be estimated to be between 20 per cent. and 21 per cent.

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(2) In what districts of Ireland is insurance most prevalent, and among what classes of farmers?

From the returns obtained it appears that the numbers of those insured increase (*a*) in the better farming districts where considerable tillage prevails, (*b*) near the large centres of population, and (*c*) where the insurance agents and canvassers are most active. The counties in which most farmers have insured are Down, Dublin, Carlow, Cork, and Wexford, while those in which insurance seems to be least availed of are Galway, Sligo, Mayo, Kerry, Longford, Clare, Fermanagh, and Leitrim. Insurance is much more general amongst tillage farmers, due to the fact that they use more machinery and run greater risks. Also, as was to be expected, the larger farmers have been more assiduously canvassed by the agents, and have had their attention drawn to their liabilities. Further, until recently there has not been, so far as we are aware, any scheme whereby small farmers could combine to effect a joint insurance against liability to accidents. Reference is made, in answer to Question 3, to the increase of facilities for insurance amongst small farmers.

(3) Are insurance companies active in the different parts of Ireland, and are the facilities offered by them brought prominently before the notice of farmers?

The replies of correspondents indicate that the amount of canvassing, except in a few districts, is small. Occasionally insurance companies send out circulars drawing attention of farmers to the subject, and recourse is also had to advertisements in local newspapers. It appears, however, that insurance companies are considerably extending the number of their agents throughout the country, and at least certain companies are anxious to extend their business amongst farmers. In this connection it may be noted that the Irish Agricultural Organisation Society has arranged a scheme for insurance in connection with the Yorkshire Insurance Company whereby farmers may insure through the medium of their co-operative society on the following terms:—

(1) The rate of premium is 8*s.* per 100*l.* of wages and allowances, which will cover all accidents of employment, and secure payment of compensation from date of accident.

(2) The minimum premium on any one policy shall be 12*s.* (which will include wages bills amounting to 150*l.*).

(3) Farmers, whose wages bills are small, may join in any numbers in one policy at the rate of 8*s.* per 100*l.* of wages, but in cases where the wages, &c., are 25*l.* a year or less, the lowest individual premium shall be 2*s.*

This scheme has only recently been arranged, but we are informed that a considerable number of small farmers have availed themselves of the special facilities which it offers.

(4) Causes why farmers do not insure.

The following seem to be the chief reasons why farmers do not more widely avail themselves of insurance against accidents to their employees:—

(1) All farmers do not yet realise the fact as to their liability under the Workmen's Compensation Act.

(2) Many farmers take the risk rather than pay the insurance rates. The fact, too, that rates have risen has undoubtedly deterred farmers from insuring.

(3) Our information seems to show that in many districts farmers have not been vigorously canvassed, while only recently a scheme for joint insurance of small farmers has been put forward. Accordingly, the particular requirements of this class were not met.

(4) There is a fairly general opinion among correspondents that if insurance is to spread among farmers, the rates must be lowered. A number of correspondents also express the view that more would insure if the conditions were more simple, and if steps were taken to remove certain feelings of suspicion that the insurance companies when called upon would evade settlement on some technical point.

(5) Would farmers avail themselves of the facilities for insuring if offered by the Post Office?

The correspondents, with few exceptions, favour the matter being taken up by a Government Department such as the Post Office. Their reasons are briefly that the Post Office has the confidence of the farmers, that it is at hand, and that when at the Post Office farmers would have their attention drawn to the question of insurance. The view, however, is fairly general that if Post Office is to succeed in the matter, the rates must be lower and the form of insurance must be simple. On the other hand, certain correspondents urge that it is unnecessary for the Post Office to take up insurance on the grounds:—

(1) That in some districts the work is being sufficiently well done by the companies, and that the Post Office should not enter into competition with them.

(2) That the Post Office would need to have a permanent staff of officials to deal with claims.

(3) That without canvassers the facilities would not be availed of.

In this connection, however, it is quite possible that the experience of the Post Office, with its facilities for advertisement, would be different from that of the ordinary insurance companies.

A number of representative extracts from the replies of correspondents are attached:—

"I would consider it very desirable that the Post Office should take the matter up. The premium is very large among local agents, rising yearly so that some farmers have dropped insuring. My insurance has gone up from 6*s.* to 14*s.* Also there is the trouble before any claims are met. There would be more confidence in Government security."

"I think it would be very convenient for farmers, and I believe they would have more confidence in the Post Office than in insurance agents."

"I do not think the Post Office a suitable medium through which insurance should take place, because with the majority of ordinary farmers they would have to be canvassed personally."

"It would be desirable, but it is very doubtful if the Post Office could work at a profit. I fear that they would be more exposed to claims than an insurance company."

"It is impracticable, and on the whole, undesirable. The system inaugurated by the Irish Agricultural Organisation Society under which small farmers who are members of co-operative societies can insure on more favourable terms than others should be encouraged."

"It would be very desirable for policies under 100*l.* The insurance companies do not, as a rule, accept any premium less than 10*s.* which generally covers a 100*l.* policy. Therefore, the small employers paying from 25*l.* to 75*l.* in wages are heavily handicapped, and a Post Office system to meet their cases would be most desirable. I do not think the Post Office should interfere above 100*l.*"

"I think one reason why small farmers do not insure their workers is, insurance companies do not insure for a less sum than 100*l.* If the Post Office would insure for small sums at a reasonable premium I think it would be very largely availed of."

"I think it would be an excellent plan, particularly if provision were made to receive a smaller minimum premium than is at present the case with insurance companies. This would enable small farmers to insure without the necessity of amalgamation with their neighbours."

"After the Act first came into operation a lot of farmers in the locality insured their employees which only cost them about 5*s.* annually. Afterwards the premium rose to double this amount and the great majority of small farmers then dropped it."

"I think it would be most desirable if (as I expect would be the case) the Post Office would do it at a lower rate than private companies. I was paying 5*s.* last year; owing to the new Bill I had to pay 13*s.* 4*d.* this year for the same amount of wages, so I think the Post Office would benefit the farmers very much by undertaking insurance, not having dividends to make. I think the thing could be done cheaper than by a private company."

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"I have always thought, if there were an office where without any elaborate forms being gone through, farmers on a market day could take out a policy, most would insure; the Post Office exactly meets the requirement—farmers *hate* trouble."

"A great many obstacles are thrown in the way of farmers recovering insurance money by legal clauses in policy, such as omitting to give notice of accident inside a number of days, &c.; every insurance policy for injury to workers should be of the simplest form."

APPENDIX V.

[*Handed in by Mr. Herbert Samuel, M.P.*]

CALCULATIONS based upon the tables in the Appendix to the Report for 1905 of the Chief Registrar of Friendly Societies, giving the Returns of Deaths and Cases of Incapacity from Injury dealt with by Certified Schemes under the Workmen's Compensation Acts, 1897 and 1900, during the year ended June 30th, 1905.

	Number of Cases.	Amount Paid.	Amount per Case.
		£	£
Incapacity of less than four weeks	12,446	15,426	1·2
„ four to eight weeks	2,417	9,016	3·7
„ over eight weeks -	1,233	15,214	12·3
Deaths (in 21 cases there were no dependants).	87	15,422	233·6 (approximate).

An insurance scheme limited to cases of death and of incapacity of over four weeks. { Would deal with 3,737 cases, or 23 per cent. of the whole, and pay 39,652*l.*, or 72 per cent. of the whole.

An insurance scheme limited to cases of death and of incapacity of over eight weeks. { Would deal with 1,320 cases, or 8 per cent. of the whole, and pay 30,636*l.*, or 55 per cent. of the whole.

Number of persons insured in schemes under the Workmen's Compensation Acts, 1897 and 1900—100,215.

APPENDIX VI.

[*Paper handed in by Mr. Sydney Smith, Inspector of Factories at Derby, showing the result of his inquiries as regards the prevalence of insurance amongst small employers in certain trades in his district.*]

From the result of my present inquiries, I should be prepared to say that in the following trades it is the practice of small factory occupiers to insure their employees:—

Edge tool making, such as axes, billhooks, hoes, sickles,
Wood turners,
Engineers and machinists,
Aerated water manufacturers,
Beer bottlers,
Cabinet makers,
Lace manufacturers,
Joiners,
Saw mills,
Gasworks.

I have found in the following trades small occupiers of factories do not generally insure their employees:—

Sausage makers,
Earthenware manufacturers, including china,
Boot repairers,
Bakers,
Jacquard card punchers in the lace trade.

The following are some of the reasons for not insuring:—

1. A boot repairer employing one man has had machinery about a year. He has felt chary about insurance companies, not knowing which were sound financially. He prefers to take all the risk himself, and will not let his man touch the machinery. He has had no accidents. He would welcome a scheme of Government Insurance, and would take out a policy at once.

2. A sausage maker. Occupier's only sons do all the work. Never have had an accident, and do not think there is any risk, as the machinery is well guarded.

3. A small brass founder and clock maker, employing six men. Has never had an accident in 45 years, and does not think there is any risk in his trade.

4. A baker. Occupier works himself, and employs his two sons. Objects to insure, as the premiums are treble for what he would have to pay if he employed outsiders. So he attends to all machinery himself, and runs the risk. Would ensure if there were cheap Government Insurance. He has never had an accident during the 20 months he has had the machinery.

5. A sausage maker. He considered insurance companies are frauds. They have too much money at their back. It would be all right if the factory occupier had plenty of money to follow up cases. He said he knew two friends who had put in claims which were repudiated. He himself was insured against accidents at one time He cut his finger nearly off on one occasion, and sent in a claim, but never received a reply nor acknowledgment from the insurance agent.

6. An aerated water manufacturer complained of the cost. He employs chiefly his own family, and said the premiums for these were three times as much as for ordinary workmen. He knew friends who had a lot of trouble to get claims settled.

7. An earthenware manufacturer employing 18 people said he thought there was no risk. No accident in 20 years. There was practically no machinery about the place, except an electric motor and "blunger" for the clay. One man alone attended to this.

8. A joiner and builder, employing four men. These are insured, but he complained of treble rates required from himself and his partner. Both of them worked.

9. An undertaker, employing two to three men, said he could not afford the cost. It was too expensive, and trade was too bad. He had very little machinery, and had never had an accident on the premises.

10. A jacquard card puncher employing four persons. He said in 12 years they had never had an accident. The machinery was very light, and he thought there was no danger.

11. Another jacquard card puncher employing four persons told a similar tale. He had had no accidents in four years.

12. A motor car engineer employing five persons didn't think there was any risk from his machinery, an engine, two lathes, and a drilling machine, which were well fenced. He had never had an accident.

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13. A china manufacturer employing 13 persons said there had not been an accident on the premises during 70 years. There was no machinery, and he considered there was no risk.

14. A letterpress printer employing four persons said the cost was too much. He would insure under a Government scheme. He had never had an accident.

15. A firm of stone sawyers were insured, but ceased when they found that the two working partners were not covered by the insurance policy, although they had been paying premiums for several years based on the inclusion of their own wages. When the 1897 Act first became law they insured in a company which went into liquidation within three months.

W. SYDNEY SMITH.

APPENDIX VII.

SUMMARY OF REPORTS FROM FACTORY INSPECTORS ON INSURANCE OF SMALL EMPLOYERS UNDER THE WORKMEN'S COMPENSATION ACTS.

—	Extent to which Small Employers are insured under the Act of 1897.	Extent to which they are insuring under the Act of 1906.	Causes of failure to insure.	Opinion as to the desirability of Post Office Insurance.	General Observations.
ENGLAND.					
Birmingham(*a*)	75 to 80 per cent. of firms paying 200*l.* to 300*l.* per annum in wages insure; but few of those paying less than 200*l.* per annum.	-	-	-	No lack of facilities for insurance.
Blackburn	40 per cent.	-	Cost of insurance. Ignorance of liabilities. Employers prepared to take risk.	-	Blackburn is one of the best canvassed towns in the kingdom.
Blackburn (Cotton Cloth Factory Inspector).	Almost universal. (Very few small factories in the district.)	-	-	-	Local employers' association charges about half the companies' rates.
Bolton(*b*)	The great majority.	—	—	—	—
Bristol(*a*)	At least 85 per cent. of the small employers are insured.	Probably percentage insured will increase.	Ignorance of liabilities. Indifference to bankruptcy. Recklessness. Want of foresight. Cost of insurance.	-	Building trade is the one where insurance is least general among small employers.
Bradford	Insurance general, with very few exceptions.	-	Smallness of risk	Scheme of national insurance desirable and would be welcomed, as State would deal more fairly than companies. Factory Inspectors could divide all works into three classes for purposes of premium. This would also strengthen hands of Inspectors.	Large wool-combing firms uninsured on account of prohibitive rates due to risk of anthrax.
Cardiff(*b*)	Most small employers insured.	—	—	—	—
Cheshire (E.)	Generally.	—	—	—	—
Derby(*c*)	The great majority of factory occupiers are insured; but of those employing less than 20 persons, only 20 to 25 per cent. In wood working and metal trades insurance very general. Small occupiers of factories, where little or no machinery is used, generally are uninsured.	No apparent increase of insurance in consequence of new Act.	Cost of insurance. Suspicion of insurance companies.	All the uninsured employers would welcome a scheme of Government insurance.	—
Halifax	All factory occupiers insured, with very few exceptions.	Very little at present.	Cost of insurance. Want of foresight.	-	Occasionally workshop owners have insured under Employers' Liability Act.

(*a*) Information obtained from Insurance Companies' local agents.
(*b*) Information admittedly not based on detailed knowledge, but rather on general impressions.
(*c*) These Inspectors gave evidence before the Committee.

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—	Extent to which Small Employers are insured under the Act of 1897.	Extent to which they are insuring under the Act of 1906.	Causes of failure to insure.	Opinion as to the desirability of Post Office Insurance.	General Observations.
ENGLAND—*cont.*					
Huddersfield(*b*)	All except very small factory owners insure. Very small sub-contractors in the building trades, and for loading barges at wharves, do not insure.	- - -	Cost of insurance. Procrastination.	—	—
Kent	- - -	- - -	Mental inertia. Failure to realise liability.	—	—
Leeds(*b*)	Generally	A fair number of workshop occupiers will insure under the new Act.	—	—	—
Leicester(*a*)	Generally.	—	—	—	—
Lincoln(*b*)	Generally.	—	—	—	—
Liverpool(*b*)	All but *very* small employers.	—	—	—	—
London (E.)	- - -	- - -	Want of foresight.	—	—
London (N.)	- - -	- - -	Want of foresight. Cost of insurance.	—	—
London (S.)	- - -	- - -	Want of foresight. Want of facilities. Cost of insurance.	—	—
London (W.)	The majority do insure.	- - -	Cost of insurance. Recklessness.	Small employers would welcome State insurance, as they are disgusted with methods of companies.	—
Manchester	Majority of small factory owners insured.	Small workshop owners seem unlikely to insure, unless pressure be brought.	Indifference. Cost of insurance.	—	—
Manchester (Cotton Cloth Factory Inspector).	Largely	- - -	Indifference. Confidence that no serious accident is likely to occur.	Small employers generally are in favour of Post Office scheme of insurance.	—
Newcastle	Generally, in trades using machinery and dangerous trades.	- - -	Cost of insurance. Lack of risk.	—	—
Northampton	Generally, except in isolated cases.	- - -	Recklessness. Want of foresight.	—	—
Norwich	Considerable proportion uninsured. Builders universally insured.	- - -	Smallness of risk. Thoughtlessness. Ignorance of liability. Distrust of companies.	State insurance would reach the majority of the uninsured, who would have a confidence in the State that they lack in the companies.	—
Nottingham	Factory employers are all insured, and 20 per cent. of workshop occupiers.	- - -	Smallness of risk. Cost of insurance.	- - -	Facilities for insurance ample.
Oldham(*b*)	Small employers generally not insured.	- - -	Want of foresight. Recklessness.	—	—
Plymouth	Generally, especially in trades using machinery, except the very small employers.	- - -	Recklessness. Want of foresight. Cost of insurance (most potent factor).	- - -	Profits are cut so fine that there is nothing left for cost of insurance.
Preston	Mostly. In trades where there is a masters' association insurance is practically universal (*e.g.*, joiners and builders).	- - -	Smallness of risk. Recklessness. Ignorance.	- - -	An insurance broker in the district states that 90 per cent. of employers are insured against legal liability and 10 to 15 per cent. against all risks.
Sheffield(*c*)	Very largely, except in the case of the tenants of small tenement workshops.	- - -	Ignorance of liabilities. Indifference to bankruptcy. Recklessness. Want of foresight. Cost of insurance.	- - -	No want of facilities for insurance.

(*a*) Information obtained from Insurance Companies' local agents.
(*b*) Information admittedly not based on detailed knowledge, but rather on general impressions.
(*c*) These Inspectors gave evidence before the Committee.

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—	Extent to which Small Employers are insured under the Act of 1897.	Extent to which they are insuring under the Act of 1906.	Causes of failure to insure.	Opinion as to the desirability of Post Office Insurance.	General Observations.
ENGLAND—*cont.*					
Southampton	Small factory owners largely insured.	Small employers now affected not considering question.	Ignorance of liability. Want of foresight. Ignorance of facilities. Cost of insurance.	Post Office insurance would be beneficial, as inspectors could refer employers to the Post Office for information.	—
Staffordshire (S.)	90 per cent. of factory occupiers insured, but probably not 5 per cent. of workshop occupiers.	- - -	Smallness of risk of accident in workshops.	Small employer would welcome Post Office insurance.	Plumbers, painters, and carpenters mostly insured; saddlers, dressmakers, tailors, and bakers rarely.
Stockton	Generally - -	- - -	- - -	- - -	Some of the larger firms contemplating effecting their own insurance, through dissatisfaction with companies' terms.
Stoke-on-Trent	Many small employers insured.	- - -	Cost of insurance.	—	—
Swansea	Small employers not insured.	- - -	Smallness of risk of accident. Partly also want of foresight.	—	—
Wales (N.)	Many small employers using power are insured, particularly in trades connected with agriculture.	- - -	Indifference. Want of foresight. Cost of insurance.	- - -	Insurance agents found in every remote village.
Wolverhampton	Not as a rule - -	- - -	Want of foresight. Cost of insurance.	Post Office insurance, would be of great service to small employers if premiums could be debited to Savings Bank Accounts.	—
Worcester	Majority, especially in building and engineering trades.	- - -	Cost of insurance. Want of foresight.	- - -	No lack of facilities.
SCOTLAND.					
Aberdeen(*c*)	75 per cent. of small employers are insured.	Probably about 70 per cent. of small employers now made liable will insure.	Ignorance of liability. Want of facilities in country districts. Absence of risk.	Post Office system useless unless vigorous canvassing be adopted.	Nothing short of compulsory insurance will reach the uninsured small employers.
Ayr	Generally, especially in trades using machinery.	- - -	Cost of insurance. Readiness to take risk.	- - -	Companies active.
Dundee	A large proportion, but many of the smallest do not insure.	- - -	Smallness of risk.	—	—
Edinburgh	Generally in towns, only the larger employers in the country districts, except in trades where insurance is provided by employers' associations.	Insurance in outlying districts not probable.	Lack of canvassing. Smallness of risk.	—	—
Glasgow	Majority - -	- - -	Absence of risk. Cost of insurance.	—	—
Inverness	With few exceptions	- - -	Possibly indifference to bankruptcy. lack of foresight, and cost of insurance.	- - -	Active canvassing by companies.
IRELAND.					
Belfast	Generally. Small holders of land are usually uninsured.	The 1906 Act has been largely anticipated.	Want of foresight. Cost of insurance.	- - -	No lack of facilities for insurance in Ulster, as the principal companies are represented in every town and village.
Dublin(*b*)	Hardly at all -	- - -	Want of foresight. Indifference to bankruptcy. Cost of insurance. Vagueness of companies' policies. To a limited extent, want of facilities.	—	—

(*b*) Information admittedly not based on detailed knowledge, but rather on general impressions.
(*c*) These Inspectors gave evidence before the Committee.

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APPENDIX VIII.

General Post Office, London,
April 19, 1907.

MADAM,

As you are perhaps aware, the Postmaster-General has appointed a Committee to consider "whether it is "practicable, and, if practicable, whether it is desirable "for the Post Office to provide facilities for the insurance "of employers under the Workmen's Compensation "Acts, either generally or subject to limitations."

The Committee are anxious to obtain information as to the prevalence of insurance against injury to workpeople among the small employers of labours; and they would be greatly obliged if you could assist them in the matter, whether from the information in your possession, or by inquiry on the part of your staff.

The following questions will indicate the lines which any inquiries might usefully take:—

(i) How far are the small employers of labour with whom you come in contact insured against their liabilities under the Workmen's Compensation Act of 1897?

(ii) How far are small employers now insuring against their liabilities under the Workmen's Compensation Act of last year?

(iii) In cases where small employers fail to insure, to what cause or causes do you attribute the failure, *e.g.*, ignorance of their liabilities, indifference to the prospect of bankruptcy, recklessness or want of foresight, want of facilities for insurance, or simply the cost of insurance?

(iv) How far are the classes of small employers with whom you come in contact actively canvassed by the agents of insurance companies?

(v) Do you consider that there is scope for the operations of the Post Office in undertaking the business of insurance against injury to workpeople amongst any considerable body of small employers that do not at present insure?

The Committee would be very glad of any observations you may have to offer on any other aspects of the subject.

They would feel greatly favoured by an early reply.

Yours faithfully,
(Signed) E. RAVEN.

The Chief Lady Inspector
of Factories.

H.M. Principal Lady Inspector of Factories,
66, Victoria Street, Westminster,
April 25, 1907.

SIR,

I duly received, on the 19th instant, your letter with reference to the question whether the Post Office should provide facilities for insurance of employers under the Workmen's Compensation Acts.

I am afraid that we have no information already in our possession that would be very useful to your Committee; owing to the widely scattered work of the comparatively small number of members of this branch the accidents befalling women and girls do not come *systematically* in any area but one under my direct observation. The one area in which they do so come is in West London, where a large number of small steam laundries are at work. Reportable accidents occur there at about the rate of 30 to 40 a year in about 300 steam laundries, employing widely varying numbers but an *average* of 21 workers. It is outside the scope of our work to enforce compensation (except in rare cases, under section 136 of the Factory Act, where the accident is due directly to default of the occupier to comply with the Factory Act), and generally inspectors find it best to avoid inquiry into questions not within the scope of their responsibilities. The workers, however, turn very much to the inspectors for help and advice, and I hear of many cases where they do receive compensation and can recollect none where the worker quite failed after action to obtain it when due. Where an injured worker asks our advice in obtaining compensation, the inspector directs her to the Secretary of the Industrial Law Committee, or to Miss Sophy Sanger, one of the secretaries of the Women's Trade Union League, who helps and advises them. I should think it probable that the majority of these occupiers are insured as regards the Act of 1897. As regards those more numerous and smaller who will come under last year's Act, I can only make a conjecture that many will at least delay insuring for one or other of the reasons named in the question numbered (iii) in your letter to me.

I have incidentally noted cases of canvassing by insurance companies, but how far it will be systematic amongst small employers I am quite unable to say.

Personally, I should be very glad to see the opportunity offered to the very small employers of safe insurance with the Post Office.

I am,
Your obedient Servant,
(Signed) ADELAIDE M. ANDERSON,
H.M. Principal Lady Inspector of Factories.

APPENDIX IX.

REPLIES RECEIVED FROM MUTUAL ASSOCIATIONS OF EMPLOYERS.

The Wolverhampton and Willenhall
Lock and Latch
Manufacturers' Association,
March 20, 1907.

DEAR SIR,

IN reply to your favour of 13th instant, I beg to say, in answer to question—

(1) That there are very few among the smaller makers of locks, &c. that even insure at all.

(2) I am not aware that the Act of last year has made very little, if any, difference.

(3) If the Post Office decide to undertake the business of insurance, it will have to be on conditions that the premiums are lower than are now quoted by insurance companies.

(4) My experience, as far as the lock trade, is that the largest firms are members of this association, which has a fund for the purposes. We have a capital in reserve for any extraordinary cases to be met. Employers pay 1*d.* per week for all their employees, and after all claims are met and 10 per cent. set aside to accumulated capital, balance is proportionately divided; but as claims for the last years have been so light, it has been decided not to abide strictly to the 10 per cent. being set aside, as, for instance, for last year, after paying all demands it was resolved and carried that 95 per cent. of contributions be returned to members; so that, as far as members of this association is concerned, this is far the best way of insurance.

Yours truly,
(Signed) THOS. W. DUGMORE.

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The Manchester and Salford Association
of Master Printers, Lithographers,
and Bookbinders,
68, Atlantic Chambers,
Brazenose Street, Manchester,
March 16, 1907.

DEAR SIR,

YOUR letter of March 13th to our honorary secretary, Mr. J. Sever, has been handed to me, and in reply to your queries, my own experience is that the majority of small employers, that is to say, people with a wage list of under 300*l.* or 400*l.* per annum, did not insure under the Act of 1897; above that amount the insurance was general.

Clause 2. The small employers are undoubtedly seeing the necessity of protecting themselves under the new Act, and I am constantly receiving inquiries as to the best methods of doing so.

In answer to clause 3, I think that this class of employer would much prefer some Government security, calculated on actuarial lines and not run from a dividend earning standpoint, to insuring with any ordinary insurance company. Since the commencement of the operations of the 1897 Act, I have had very considerable experience in insuring members of this and similar associations, and by compilation of statistics of accidents, &c. have been able to reduce the rate of premium for members to what I believe is the lowest amount any association in our trade is insured at.

Yours faithfully,
(Signed) FRANK BIRD,
Secretary.

Potters' Insurance Company, Limited,
Secretary's Office,
Tunstall, Staffs,
March 15, 1907.

DEAR SIR,

IN reply to your letter of the 13th instant, I believe that the majority of pottery manufacturers in this district, including the smaller employers, are insured against liability under the Workmen's Compensation Act, 1897, and that those who have not been so insured are taking steps to insure against the increased risk under the Act of last year.

So far as I am able to gather, there is no considerable body of employers in this district to whom the proposed scheme of the Post Office for providing facilities for insurance would be of any benefit.

This company only accepts risks under special rules for the manufacturer of earthenware and china with regard to the liability in respect of suspension on account of plumbism, and it does not undertake the insurance against accidents.

Yours faithfully,
(Signed) ARTHUR P. LLEWELLYN.

Birmingham and District
Pawnbrokers' Protection Association,
250, Corporation Street,
Birmingham,
March 27, 1907.

DEAR SIR,

IN further reference to yours of the 9th instant, I have conferred with the Executive of the Pawnbrokers' National Association, and they have expressed the following opinion:—

"That it is not necessary to move in the way of offering any evidence before the Committee as representing the pawnbroking trade."

The executive of the association think the insurance companies have met us fairly in the matter, and insurance offices of undoubted stability have offered to cover the risk at a reasonable rate.

Thanking you for the offer you made,
I beg to remain,
Yours faithfully,
(Signed) H. PETERS,
Secretary.

APPENDIX X.

MEMORANDUM FURNISHED BY THE NATIONAL CHAMBER OF TRADE.

Provincial Offices,
1 and 2, Posterngate, Hull,
May 13th, 1907.

In reply to yours of the 4th instant, forwarding Lord Farrer's request for replies to the queries formulated by your Committee, I beg on behalf of the Parliamentary Committee of the National Chamber of Trade to reply as under:—

Query 1.—To what extent are small employers of labour insured against their liabilities under the Workmen's Compensation Act of 1897?

Answer.—Nearly all are insured. The two classes who are not are the careless and the impecunious (who are too poor to insure).

Query 2.—To what extent are they now insuring or likely to insure against their liabilities under the Workmen's Compensation Act of last year?

Answer.—The classes above named will follow a similar course under all circumstances.

Query 3.—Is there any lack of facilities for effecting such insurance, or any reason for dissatisfaction with the facilities existing?

Answer.—No.

Query 4.—In cases where small employers fail to insure, what are the causes of such failure?

Answer.—The causes referred to in reply to Question 1.

Query 5.—What scope is there for the operations of the Post Office in providing facilities for insurance (either as agent or principal) amongst any considerable body of small employers who do not at present insure?

Answer.—Rural districts only.

Query 6.—What are the conditions that must be fulfilled by any Post Office scheme if it is to attract the uninsured small employer, and what is the likelihood of its attracting him?

Answer.—Give something for nothing, and all done for them, by which means about half or possibly less may be brought in.

I am of opinion, which is shared fully by my Committee, that in any scheme of National Insurance, the premium should be paid in equal proportions by employer and employed.

Our secretary has been instructed to forward your queries to the Associations connected with the Chamber, that is, subject to there being time to receive replies from such before your Committee make their report.

Signed on behalf of the Parliamentary and Emergency Committee of the National Chamber of Trade.

J. WALKER CLARKE,
Ex-President.

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APPENDIX XI.

MEMORANDUM prepared by Miss SOPHY SANGER, Women's Trade Union League, as to the extent to which the owners of Small Laundries are insured under the Workmen's Compensation Acts.

This note is based upon the results of a special inquiry undertaken with the object of ascertaining how far steam laundries are already insured against their liability under the Act of 1897, and to what extent the owners of hand laundries are preparing to meet their liability under the Act of 1906. Inquiries were made at the same time into the question of whether the smaller hand laundries have had their liability brought to their notice by insurance agents, circulars or otherwise, and attempts were made to ascertain as far as possible with what response Post Office facilities for insurance, if offered, would be likely to be met, as far as laundries are concerned.

The conclusions reached are based upon the figures given in the two tables appended. Table I. gives the number of laundries (hand or steam) visited in three districts. In 17 of the hand laundries it was found that only members of the family were employed, but the occupier of one of these was nevertheless much interested and stated that, if his business should increase, he would prefer to insure any persons whom he might in future employ in the Post Office rather than in an insurance company.

Table II. gives the number of persons employed in the laundries visited, from which it will be seen that 81 hand laundries, where less than six persons were employed, were visited, but that only very few small steam laundries were found in the course of the inquiry. Of the 34 steam laundries where the exact number of workers could not be ascertained, 16 were described as "large" or "very large," and of the 24 hand laundries where the numbers employed were similarly not stated, the investigators had reason to describe seven as "small." In the remaining cases no estimate could be given of the size of the establishment.

Extent to which Laundries are Insured.

Only four steam laundries, out of the 85 visited, were found to be not insured, and three of these were very small or had very little machinery in use, most of the work being done by hand. In seven cases no definite information could be obtained owing to the absence of the proprietor or manager when the investigator called, but it seems clear that a large majority of steam laundries in London are already insured.

Out of the 166 hand laundries visited, which will be affected by the Workmen's Compensation Act of 1906, when it comes into force, only 33 were returned as insured. In 17 of these nine or more persons were employed, and great doubt is felt as to whether many of the remaining occupiers employing very few persons have, in reality, insured against their coming liability, although they hastily asserted they were "insured," while refusing to listen to further questions and explanations.

Knowledge of the Act.

As will be seen from the preceding paragraph, only the larger hand laundries seem as yet to have taken any steps to insure or to have given any consideration to the question of their liability. The majority of occupiers of small hand laundries appear to be entirely ignorant of their liability under the new Act, and many also seem to have been altogether overlooked by insurance companies or their agents. Out of the 14 small hand laundries visited in Soho, only one was found to have been previously approached by an insurance company, and 10 very small laundries (employing only two or three persons) in other districts assured us that they had received no circulars at all. These and many more refused to give consideration to the matter, and only one small employer was found who, though he had received no circulars from insurance companies, had yet made special inquiries on his own account and already arranged to insure his six employees. Many of the owners of very small laundries, on having their liability explained to them, stated they could not afford to insure, and the opinion that the workers "cannot get hurt" in hand laundries, and that there is therefore no need to insure, was found to be very generally held.

Attitude towards Post Office Insurance.

The majority of the occupiers visited had no opinions to offer on the question of Post Office insurance, but the proprietors of 21 hand laundries were in favour of Post Office insurance, and said they would prefer to insure in the Post Office, if at all; 13 others, while not giving a definite opinion, were distinctly interested in the proposal, and were anxious to receive further particulars. The occupier of one large hand laundry was especially interested, although he informed us he was then negotiating with an insurance company, and gave as his opinion that the Post Office would be largely "patronised" if insurance facilities were offered.

One investigator found one or two occupiers of small laundries, who were distinctly in favour of Post Office insurance, on the ground that insurance companies are inclined to fight the claims of holders of small policies, and, in one case, the opinion was volunteered that Post Office insurance would be a good thing for hand laundries, on the ground that the "Government were more fair."

The proprietors of four steam laundries were in favour of the proposal, although already insured themselves. One of these considered that Post Office insurance would be very useful for the hand laundries, although the steam laundries, which are already insured, would not be likely to alter their arrangements.

General Conclusions.

The results of the inquiry point to the general conclusion that the Post Office would probably find some scope for insurance facilities offered amongst the smaller hand laundries, but that there seems to be little likelihood of the employers in the majority of such laundries protecting themselves by insurance at all, and that, in consequence, cases of hardship are sure to arise under the Act of 1906, both to the workmen and the small launderers, until some system of compulsory insurance is introduced. Further, the statement so frequently met with, that they cannot afford to insure, and that if an accident happened they "just would not be able to pay," besides emphasising the necessity for compulsory insurance, indicates the need for cheaper facilities for insurance, than are at present obtainable, to be offered by the State.

TABLE I.

	Number of Laundries visited.		
	Hand.	Steam.	Total.
West London and suburbs	156	77	233
South London	13	7	20
Soho	14	1	15
	183	85	268

TABLE II.

Number employed in Laundries visited.	Number of Laundries.	
	Hand.	Steam.
1-2	42	1
2-5	39	1
5-10	21	5
10-20	32	17
20-50	8	23
Over 50	0	4
Only members of family	17	0
Answer refused	24	34
Total	183	85

Note.—5-10 (*e.g.*) means more than 5 and including 10.

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APPENDIX XII.

Memorandum by the Association of Insurance Brokers and Agents.

Has the small employer facilities for insurance? Apart from the increasing number of insurance companies undertaking employers' liability insurance, there has been in recent years a steady increase in the number of insurance brokers throughout the country whose particular function is to advise all employers of labour upon this question and place the risk in the company offering the lowest premium compatible with security. Hitherto, with the exception of the building and allied trades which come under the previous Acts, the small employer has had no liability, and therefore, generally speaking, has remained uninsured. Some considerable percentage, however, of those who had no liability have insured under what are known as the joint benefit policies, thus making provision against the contingency of accident to their employees even though no liability existed. It is to be noted that since the passing of the Workmen's Compensation Act, 1906, the majority of fire insurance companies have taken powers to transact this business. It is to be noted that agents of the large industrial insurance companies are to be found in every town, village, and hamlet throughout the United Kingdom, and that these agents are encouraged to represent a fire company transacting accident business. In the case of the Prudential Assurance Company, whose agency roll numbers somewhere about 18,000, the fire company represented by their agents is generally the London and Lancashire. In the case of the Liverpool Victoria Friendly Society, a very large proportion represent the old accident companies now merged in the Commercial Union. Other industrial companies and societies afford equal facilities to those of their agents working this class of casualty insurance business.

We might also remark that the Royal Exchange Assurance Corporation have as their appointed agents a large number of postmasters of the small country towns and villages. Also that bank managers act as insurance agents in all country towns throughout the kingdom. Again, every auctioneer and estate agent, to say nothing of solicitors and kindred professions, increase their income by means of transacting insurance business.

We would also respectfully point out that it is a special characteristic of our business that very few proposals are obtained without a personal canvass. One member of our association, who has an office in a prominent centre of a country town with some 35,000 inhabitants, advises us that the cases that come across his counter apart from outdoor solicitation do not amount to five proposals a year. This is largely attributable to the activity of insurance men, who make a canvass from door to door or shop to shop in pursuit of proposals. As an instance of this, one of our members reports that a 4*s*. premium per annum was pursued by twelve different agents. We find that workmen's compensation business is the most unstable of the various classes of business transacted by our members. Fire insurance requires certain knowledge and preparation of plans and so forth which tends to render its transfer from one agent to another somewhat difficult, at least on the larger risks. Life assurance is seldom transferred owing to the permanent nature of the contract undertaken. One of our members reports that workmen's compensation business, on the other hand, seldom exists for more than five years, and that the small premiums, of which your Committee desire information, remains on an insurance broker's or agent's books for a still shorter period. This is owing to the active competition of rival agents who lay themselves open to induce a transfer.

It is also to be noted that most trades or callings are not without some association or union, and that the secretaries of these associations are very active in seeking to obtain special facilities for their members in transacting insurance. This activity naturally tends to reduce the premium. Again, it is to be remarked that at present there is little tabulated experience on which to base the premium required to cover the risks of the various callings brought under the Act. It is estimated by insurance men that reliable experience will not be obtainable for at least five years from date of Act. When the 1897 Act was passed it is common knowledge that the companies undertaking workmen's compensation business began by charging too high a premium, but competition between them very soon reduced the premium until it became inadequate to be a source of profit to the companies. Many of the large companies lost large sums in consequence.

According to our members it is the intention of small employers to insure, and those who remain uninsured after the Act comes into force will do so not because the subject has not been brought before them, but because as in fire insurance and in life assurance there are individuals who will run risks of this nature. The reason for their doing so is generally attributable to inability to pay the smallest premium. One of our members who has had some experience with the small speculative builders affirms that in the building trade there exists a number of small builders whose resources are so meagre that the intent to insure, as expressed by their completing a proposal form, frequently falls through when it comes to the necessity of payment.

With regard to your inquiry as to the prevailing rates which our members are quoting for workmen's compensation insurance in the smaller coasting and fishing trades, here we have a calling on which very little insurance experience exists, but quotations have been made at 30*s*. per head. Should this premium prove excessive there can be little doubt that competition will very shortly reduce it.

Thus, in conclusion, we would say that considering the vast number of individuals already actively engaged in the insurance business (London and Lancashire, for instance, having an agency roll which they state at 15,000, and a new company such as the Car and General with an agency roll of 8,000, to say nothing of the vast number of industrial agents already referred to), we venture to submit that there is no necessity for the General Post Office to undertake workmen's compensation business. To do so would be to the detriment of the large army of insurance men throughout the United Kingdom whose living would be seriously jeopardised by the Government undertaking such business.

APPENDIX XIII.

Sub-Postmasters as Agents.

On 19th March 1907 the following notice was issued in the Post Office Circular:—

> "A Committee is sitting to consider whether the Post Office should provide facilities for the insurance of employers in respect of their liability under the Workmen's Compensation Act of 1906.
>
> "Pending a decision on the question, there is no objection to officers of the Post Office undertaking agencies for Employers' Liability Insurance business provided that their official duties are not thereby interfered with; but it must be on the distinct understanding that, should the Post Office undertake the provision of facilities for such insurance, they may be called upon to relinquish their agencies on short notice, and that in such case no claim for compensation will be entertained."

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There is no evidence as to the extent to which agencies for companies have been accepted by Sub-Postmasters in consequence of this notice. But it seems highly probable that the companies are selecting the cream of the sub-office organisation, leaving the residue alone.

Were it considered desirable to secure that Sub-Postmasters generally should be insurance agents, a method of attaining this would be for the Postmaster-General to invite insurance companies to tender for a two years' contract, whereby—

(1) The company obtaining the contract should undertake to appoint as its agent every Commission Sub-Postmaster willing and competent to act as such ;
(2) The Postmaster-General should undertake to prohibit Sub-Postmasters from acting as agents for other companies.

As part of such a contract it would be understood—

(1) That the Postmaster-General was in no way responsible for the conduct of these agencies by Sub-Postmasters, who would accept them in their private capacity, and deal with the business at the shop counter, and not at the post office counter.
(2) That special attention must be given by the company to the needs of the small employer.
(3) That at any post office in which such insurance business was not transacted, the address of the nearest post office at which it was transacted would be furnished.

In addition to the obvious considerations which would influence the Postmaster-General in deciding between the merits of various companies tendering, opportunities for discrimination might be afforded by answers to such questions as these :—

(1) What amount of securities the company would be prepared to allocate as a special reserve for policies issued through Sub-Postmasters.
(2) What relation the rates of premium would bear to the tariff rates.
(3) What would be the terms of the standard form of policy.
(4) On what terms policies would be granted to cover temporary employment.

It would, of course, have to be made clear to the public that the Sub-Postmasters were agents in their private capacity, and that the Postmaster-General undertook no formal responsibility for the actions of the company.

It is contended that by this scheme special facilities, which do not at present exist, would be provided for members of the public who are ignorant of the subtleties of insurance ; and that they would be enabled to obtain with ease policies on which they could rightly rely.

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